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MANAGEMENT

A STUDY OF INDUSTRIAL ORGANIZATION

BY

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PREFACE

THIS book took its origin in lectures which I have given from time to time, largely to audiences of men and women specially interested in problems of organization, among them the Telegraph and Telephone Society of London. I do not pretend that it is more than a venturesome essay into a subject which has yet to be raised to the level either of a science or of an art. Rather it is an attempt to co-ordinate ideas which have been born of day by day practice. Necessarily such ideas, as yet, are not fully formed ; they are stated in this form because I believe that the best way in which a solution of a problem is to be found is to take precise pains to state the problem in all its aspects. In so far as this book presumes to grope towards a solution of the human aspect of the problem, I beg to offer it to my colleagues, the men and women who share with me the responsibility of the leadership of an industry of which each is very proud. If, as may happen, this book finds its way to other countries, between which countries and our own the craft of telegraphy is an abiding link, I would venture in this place to acknowledge the closeness of fellowship and the frankness of mutual trust with which we have sought, at the London centre, some guidance from each other's experience.

JOHN LEE.

LONDON.

April, 1921.

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MANAGEMENT

CHAPTER I

INDUSTRIAL CONTROL

THE simplest form of industrial control is that which consists in absolute ownership. The owner of an industry controlled it as he chose to control it. His word was law. He could do what he liked with his own. True, the success of his undertaking depended upon various capacities, his enterprise, his knowledge of markets, his ability for leadership. But his right to manage his property as he liked dominated this conception of ability. He decided what was to be produced, at what price it should be sold, what wages he should pay; and though he was subject to that economic pressure which came from competition, and though also competition of men and women for employment affected the wages which he paid, it was still true that his individual liberty was the dominant characteristic. Various movements affected this liberty. Labour movements affected it on the one hand, and on the other hand various modifications of competition affected it also. Wages became standardized, or at any rate they were fixed for the industry generally and not for a particular section of industry. Standard-arranged prices were applied both to raw material and to finished product. In this way the liberty of the individual owner became restricted, and his power of management to this extent was shorn. So when we discuss, in the language of the older economists, the ratio between true profits and the wages of management, we are dealing with a state of affairs which has passed away.

These influences affected management, but a far more important influence was exercised by the development of the joint stock principle. In its essence this was merely the borrowing of money in order that the entrepreneur might develop his business. Nowadays the practice of joint stock has passed far beyond its simple origin. There are industries, such as Messrs. Lever Bros., which possess so many millions of capital that it would be a misuse of language to describe that money as lent to the "company." The railway companies in their addresses to shareholders have come to use the admirable word "proprietors," and this conception of shareholders as actual proprietors is much nearer to the truth than the earlier conception of shareholders as auxiliary lenders of capital. Nor can it be said that the directors are the managers. They direct policy, but it is in an exalted way, much as the political head of a Government department directs the policy of his department. Immediately below them are the real managers. They may not have a penny holding in the company; they may not benefit personally by the profits. They are an expert professional class, and the new science of industrial management is coming to recognize them as that factor in industry which is calling for study and consideration. This evolution of a separate management is distinguishing the elements of profits and the wages of management which occasioned the classic economists such concern. It has a greater bearing on recent developments than is generally understood, for it brings experience and special training and leadership to bear on the work of management in a way which was never possible to the old-fashioned owner who "could do what he liked with his own."

Parallel with this movement, at the other end of the scale, there has been another movement. It has grown largely, I think, by a false analogy with politics,

possibly out of disappointment with the results of political advance. If, it may be said, we are competent to adjudge as to the merits of a Budget proposal, or on such a complicated subject as Tariff Reform, are we not competent to take a share in the control of our own industries? Personally, I think the analogy is false. To begin with, I do not believe that the average elector does decide on the merits of complex political questions. On the contrary, he votes according to party adhesion, just as in America he subscribes to a long ballot paper, being merely guided by the picture on the top. He may have his reasons for being a Whig or a Tory, or being a Whig or a Tory he may find his reasons afterwards; but that is essentially different from the position which industrial democracy, if carried out logically, would suggest. The control of an industry calls for immediate pragmatic results, dependent upon skilled purchase, skilled sale, economic organization, and other actual factors which differ in immediacy from the more or less doctrinaire theories of so-called politics.

Yet there is a truth in industrial democracy which we shall strive, if we are wise, to discover. Mr. A. E. Zimmern has told us that it does not mean handing over the control of matters requiring expert knowledge to a mass of people who are not equipped with that knowledge. If it is no longer the case that the owner or director is the manager, able to do what he likes with his own, it is equally the case that the worker has long ceased to be the dull, unthinking toiler of that generation. He has his aspirations, and they are not all aspirations for mere wages. There is an idealism—even if sometimes it is not evident—in his aims. He wishes to be interested in administrative questions. He wishes to see and to know something more of the process as a whole than his own narrow round. True management would wish to use this aspiration. It

might realize that the later psychology teaches us that there is a "group-mind," and that intelligent leadership will wish to focus and to direct this "group-mind"; and not only so but readily to learn from it and to make a corporate whole of active intelligence brought to the service of the industry. Thus, in general terms, the issue can be stated. What is to take the place of the old management? There must be discipline and authority; but since it cannot be autocratic discipline and dominant authority, of what kind is it to be? In what way can the new management so control and guide an industry as to be exquisitely sensitive to the thoughts and the feelings of the worker, and also operate upon these thoughts and feelings? At once let it be said it is a most difficult question. At the moment we are all groping for the answer. This essay only attempts to indicate some lines of thought. Probably the new Psychology will develop so rapidly as to enable us at some later date to lay down more positive data. We are wiser at the moment in confessing frankly and humbly that we are facing a problem which is rather psychological than economic. We are probing a new realm of human relationship in effort, which is to take the place of the old relationship of subordination and yet is to include veritable and intelligent subordination, but subordination which will include active and intelligent partaking in the effort towards ultimate efficiency.

The presumption of any claim for popular control always seems to be that popular control will be unanimous, homogeneous, harmonious. In politics, minorities must suffer: it is their nature to. But if workers in an industry form a considerable minority in opposition to the rule of the majority, their interests being so intimate, and discipline being under these circumstances even more difficult than in ordinary circumstances to apply, we can readily see that harmonious working will

almost be impracticable. Under discipline, men will work with reasonable zeal even when they disapprove of the policy of their employer, but when they themselves share the responsibility for that policy and their will is thwarted, they will find themselves defeated in that which is intimately important to them. It is remarkable that just before the development of the theories of industrial democracy minorities, even in the political realm, had become fractious. They did not at all like to give way to the rule of the majority. They questioned the ruling. If this happened in the political realm, we may readily conjecture what would happen in an industry. There would not be the long tradition of recognizing the rights of majority ; there would be, rather, a long tradition of slumbering revolt, fed in the past by strikes—sometimes successful strikes—by protests, by organized displays of power. With such a possibility before us, and it is more than a possibility, how can we look to the popular control of industry as the means of finding a solution for our problem ?

Another difficulty will arise. Open diplomacy may have an excellent moral value in the relationship of nations, but open diplomacy in the manufacture of soap or bicycles may put an industry at a disadvantage in comparison with its rivals. Indeed, we have seen the Government entering into discussions of the most important character with the railwaymen, including, we are told, such questions as the share in control which is to be given to the railwaymen, and yet the whole of the discussions conducted in perfect secrecy. There have been protests, and perhaps legitimate protests, against revolutionizing the transport portion of an industrial system behind closed doors. But in the control of an individual industry, or in the control of an industrial parliament, "open diplomacy," however desirable, may be impracticable. Votes may be purchased by promises, and an industrial system which

is based upon promises to an electorate may have an important influence upon the success of the industry. Whether we like it or not, there must be a certain cunning in business, a certain reserve of secrecy, a certain cleverness as against rivals ; and it is inconceivable that any method of representative control of an industry would be so trusted by the electors that secrets could be kept from them. It is remarkable that the very feature which is now most prominently demanded in politics—the open explanation of policy—is quite impracticable in the industrial and commercial world.

Further, the very basis of the workers' claim is inimical to success in industry. The history of the past few years has been a demand for better remuneration. I admit quite frankly that the responsibility for this does not lie at the door of the workers alone. If the central object in seeking a share of the control of industry is to increase the reward, we shall be face to face with a difficulty. Sooner or later the representatives will have to tell the electorate that it would be wiser ultimately to withhold part of the reward and use it either as a depreciation fund, possibly a special additional depreciation fund, or as a means of extending the scope of the industry. In other words, labour will be face to face with the fundamental need of capital. It will be a curious circle. We are asked to set out to solve an issue between Capital and Labour, and we are offered a solution which robs Capital of its present authoritative control, and then we find that Labour will be face to face with the same problem. No doubt some of the workers, being more far-sighted than others, will be quite ready to surrender present reward for the sake of future gain or future security : others will prefer the immediate gain. The former will be admirable examples of the text-book doctrine of " abstinence," and to

that extent will be capitalists: the latter will be opposed to the capitalists. It will be a piquant situation, for we shall have the old issue back again in another form and in an acuter form. In truth, it would appear that when an issue of this kind is put before a wage-earning class, we can hardly expect any answer save the one. No matter how high the wages may be, they will not permit such abstinence as will provide the accumulation of surplus capital for further venture. They will not be such as to justify representatives, who depend upon popular support, in recommending the acceptance of a lower reward with an ultimate aim. Thus the popular control of industry will be vitiated at the outset. It is an ironic situation, but it does seem that the progress of industry is more likely to be assured when the capital is in wealthy hands which can bear more readily an attenuation of income which is expected to be temporary. The temptation to kill the goose with the golden egg is one which assails all of us; but as human nature is what it is, the temptation will be more subtle to those who are nearer the "pinch." We must seek some theory of the control of industry which will consider the workers and give them articulation, and yet will be strong enough and independent enough to work with a direct aim not for personal profit, but for the success and the progress of the industry and for the welfare of all concerned in it. As yet we cannot ask the workers, in Mr. Louis Brandeis's words "to bear the results, the fatal results, of grave mistakes."

It would seem that the Greek doctrine of aristocracy brings us nearest to a solution. If it were possible to have a trained body of administrators, proud of their calling as professional men, having had experience "in the mill," able and willing to consult the representatives of all sections of their staffs, themselves

reasonably paid but not personally benefiting in the profits, we should come nearest to a solution. In fact, it seems to me that this is the philosophy of the Whitley Councils. I have heard the Whitley System described as "joint control." I am certain that it is not, and lest my word fail in authority, I should like to quote from Jenks's *State and Nation*, in which he interprets the Whitley Report thus: "The Report, in fact, assumes a continuance of the present system, whereby the economic control, both of production and distribution, is vested in the employing class; while the class of employes, or wage-earners, bargains for a supply of labour as one of the commodities needed by the employers as a means of production and distribution, but takes no direct share in the control of these processes or their results. . . . On the whole, the suggestions of the Report confine themselves to a reformation based on the existing system, and even propose that the power of the State should be employed to make it permanent." I am not sure that this is Whitleyism, at any rate that it is the whole content of Whitleyism, but it reminds us of some essential facts. It may horrify the Karl Marxian thus to see labour described as "one of the commodities needed by the employers" at a time when Marxian ideas of labour as the sole constituent of value may seem to have triumphed, but that is the position as the economic life of to-day stands, and nothing is to be gained by masking it. What has vitiated the aristocratic doctrine throughout history has been the fact that it was government by the best in the interest of the same best; Whitleyism would include a real consideration of the interests of all, and therein lies its value and not in a transference of authority. The Zeiss Co. at Jena had some such scheme actually in operation, with the difference that the workers shared in the profits and the managers received a fixed salary. We see some

tendencies in England and in France in the direction of this aristocracy in industrial government, and several large industries in both countries have been placed under such direction.

But the doctrine needs to be safeguarded. The administrator must be a very highly and widely trained specialist, a cultured man, a humanist, an organizer. He need not be, as so often we have seen, the son of the largest shareholder. Nor need he be of one particular social grade. The democratizing of the universities may be one of the means whereby men—and shall we say women?—of different social origins may be given the initial training for this great work of industrial management. That would be to the advantage of the scheme. It would break down the suspicion that the governing class is chosen by birth—a new substitution for the old governing class just as the commercial magnate took the place of the landed gentry two centuries ago. If it happened that the art and practice of industrial administration came to be one of the subjects for professional study at the universities, in the post-graduate stage, we should see men of all social grades winning scholarships and evolving as industrial managers by their superiority of brains and of capacities. The workers are not suspicious of brains. They pay a frank tribute to intellectual superiority. Even the crudest syndicalism, while claiming an equal division of the product amongst the workers, does allow for a highly skilled and trained *contrôleur* with a higher standard of life. They are suspicious of the trickster and of the unscrupulous who pretend that they have superior capacities, and spend their days in filching other men's contributions. The demand of the workers for education is the one ground of hope in that it is the one sign of protest against the dead-levelling tendencies. The university Honours-man who obtains the diploma in administration need

not fear that he will be regarded with initial aversion by those whom he is called upon to control.

Having this equipment, however, he will need to have sufficient courage and insight to develop a new conception of control. This will be the true art of the new administrator. It is, as Ruskin says, that "the merchant or manufacturer is invested with a distinctly paternal authority and responsibility." He will realize that his control must be rather radiation than domination. He must gather from those over whom he is placed so that his will becomes their corporate will. This will be true industrial democracy. He must be able to lead and persuade, because he must be sensitive to enlightenment from those whom he will lead and persuade, and not everything which he received from them will be suitable for radiation back again or would be wisely radiated. He will need to be respected as an expert. A surgeon is chosen not because he will or will not remove the appendix, but because his decision as to the removal or the retention of the appendix will be respected. So we need scientifically expert managers who will be chosen because their decisions will carry weight. Thus we can see that in this sense of control the workers will be in a represented position, but the representative will not be obedient to them. There will be discipline and leadership and command ; there will be a scrupulous regard for those who are led, for their point of view and their ultimate aims. From this it follows that the new administrator will not be chosen by the workers. He will be chosen for his professional value, a professional value in which personality is a very important factor, and one which will attract intelligent obedience. Privately-owned industries will choose him as they choose other employes, the best man for the post ; and in that definition they will include his knowledge and insight and tact, and

sympathy in dealing with subordinates. Publicly-owned industries will always have a committee, as in the case of the municipalities, a board as in the case of the Inland Revenue, an organization like the Secretariat in the Post Office, or the publicly-owned industries, as is the case with the higher grade in the Civil Service to-day, will set out to train their own administrators from their youth, enlarging the system of training somewhat in order to give the future administrator an opportunity of seeing the working of privately-owned large-scale industries.

There remains, what will probably be a feature of industry in the future, those which will be owned by the workers themselves. It may be that the next development of the relationship of the State to industry will be to provide for the loan of capital from a central fund at a higher rate of interest than is paid to the public, in order to encourage workers in certain approved industries to manage their own works by means of the borrowed money. Even in this case, the workers will need expert help in administration. They will not be foolish enough to try and remove their own appendices. The cry for popular control will be a voice in the wilderness when the workers themselves have their all at stake. Loss of their own wealth would be expropriation of a different kind. They will be in competition with industries based on other principles, and they will need all the expertness, in every phase of their industry, which they can command.

Thus we come back almost to our starting point. The cry for joint control or for full control is really a cry against the class which is presumed to have the ownership. It may or may not be just that there should be a greater dividend to the worker, but if so it should be provided openly and fairly, and not as a result of a specious cry for another method of administration. There are some who think that while the

workers will not and should not elect the administrator, they should have some veto on the appointment. It may be so, but it may be pointed out that in the immediate future no proprietors of a large industry are at all likely to employ an administrator who is known to be unsympathetic or insensitive to the thoughts and feelings of the workers. It would be the direct way to a calamity. The workers might lose in the end by pressing their claims to a veto, for it would relieve the management of the responsibility of considering the suitability of an administrator from that point of view. Hitherto I have not spoken of Scientific Management in its bearing on this question. Scientific Management, with its detailed studies of human operations in order to ascertain the most efficient method, is being looked upon a little suspiciously to-day. At the same time it has its value as a portion (but only a portion) of a sounder and more scientific system of management. Professor Marshall thinks that some grant of greater responsibility may help to train the workers "to estimate the characters of those who bear large responsibilities." He regards it as a possible medium of training for some sort of democratic control of industry. "A people which endeavours to rule its rulers without being able to enter into the difficulties of the work to be done is apt to fall under the guidance of plausible speakers. In such case, what appears as democratic control becomes in effect haphazard anarchy." The whole chapter in the new book *Industry and Trade* is of the utmost importance. It reveals the danger; and though it does not recognize what I would venture to call the truth which lies behind the claim for control as frankly as I should like, it does subject the claim to a stern analysis.

This, in outline, seems to be the problem which is immediately before us. It is necessary that the new science of management, a synthesis of sciences, should

be frankly recognized ; that the universities and other educational institutions should set themselves to provide tuition and tests in all that bears on the science, from psychology to accountancy ; that this should be based upon a curriculum of the liberal arts, for above everything it is essential that the new administrator of industries shall be a cultured gentleman. It might be practicable to take a number of men of somewhat mature years, and give them an opportunity to be trained ; but, in the main, the future administrator must be caught young, and trained from very early years. It might seem to be possible to find in the number of scholarship-boys at the universities, especially those who come from ordinary elementary schools, a few at least who showed signs of possessing the qualities which have been mentioned. Some such step is necessary, for this new expert governing class must not come from one social grade. It would be as evil for it to be generally bourgeoisie as for it to be generally associated with the upper classes—probably more dangerous. With such a scheme in working, we shall be able to face the uprising of industrial democracy without qualms. It will need patience and study, and thought and anxiety, but so do all things which are worth doing. Certainly it will enable us to have the consciousness that we are putting forth our best, both in respect of men and of mental training, to face this, the biggest problem of the next few years. “ The real news about business,” says Mr. Walter Lippmann in *Drift and Mastery*, “ is that it is being administered by men who are not profiteers. The managers are on salary, divorced from ownership and from bargaining. They represent the revolution in business incentives at its very heart... The motive of profit is not their personal motive. That is an astounding change. The administration of the great industries is passing into the hands of men who cannot halt before each

transaction and ask themselves: what is my duty as the Economic Man looking for immediate gain? . . . There are thousands of these men, each with responsibilities vaster than the patriarchs of industry they have supplanted." So when this new class comes into possession we shall find the new spirit. "The instincts of workmanship, of control over brute things, the desire for order, the satisfaction of services rendered and uses created, the civilizing passions are given a chance to temper the primal desire to have and to hold and to conquer." In other words this book sets out on the quest of industry in fellowship, on the quest for the spirit which should inspire industrial organization.

CHAPTER II

FUNCTIONAL MANAGEMENT

IT is obvious, therefore, that the aim of management should be something wider than we have supposed in the past. The central aim, of course, is to make the industry a success, and there is no other measurement of success at the moment than the financial measurement. But it is not the sole measurement, that is to say, an industry is not a success in proportion to its financial success. The goose with the golden eggs is a parable with a very wide possibility of application and financial success may be the golden eggs. More than that, it is quite possible that a paradox lurks near to this issue not unlike the paradox which lurks near to hedonism. If we aim too directly at our own happiness we shall not find it. Happiness must be a sort of by-product. Just so in respect of successful management. If we aim directly and solely at successful management we may not find it. We may find it rather as a by-product from the cultivation (not the deliberative and designed cultivation, by the way) of the human factor. We may find it from letting human nature seek its way to the sun. We may find it perhaps in our own self-repression, in the recognition of a body-corporate of minds in the whole industry, which we may lead and guide and perhaps which we may impress, but which, singularly and alone, we shall altogether fail to dominate. Successful management is to be a harmony of wills and the leadership which is to go ahead in front must itself be ready for harmony, that is to say it must be prepared to see virtues and

excellencies in others, prepared to attract them, prepared to believe that just as the unorganized crowd presents a group-mind lower in its moral tone than the mind of the individual, so the organized crowd, the men and women of the industry, will present a group-mind higher in its moral tone than the mind of the individual. This is the real value of organization. It is economic in that it must save unnecessary labour ; it is efficient in that it is carefully devised to do its work in the best way ; it is admirable in its discipline, its power of selection, its adjustment of human qualities, its cultivation of pride in work well done. When that is said the best claim of all has not been made. Organization is of supremest value in that it raises the whole tone of the individual. It calls on each to contribute his best, and when it has done so it is an "organism" healthier and saner than any one of the individuals who are portion of it. To achieve this is the first aim of management. All the worthy aims of management surround what I have called the "central" aim, and of all the worthy aims of management, this which I am now describing is the worthiest. We can put our work of management to a severe test when we ask if it is producing an organism—an actual and living organism—in which each living unit is compelled, and is glad to be compelled, to offer his best and which, as a collective expression of ideals or of opinions, holds a standard definitely higher than that held by any of the contributory individuals.

It is not an accident, therefore, that this science of management has come into its own parallel with that development of psychology which lays stress on the group-mind. It is a commonplace that the old discipline has passed away. Autocracy is no longer possible either in politics or in industry. Yet on the other hand there must be some discipline ; there must be authority or the wayward wills of men will go

astray. It seems clear that the group-mind will take the place of the old discipline. The manager will realize that his word carries more weight when it is accompanied by the general corporate assent of those whom he leads. In popular language we say that his personality will tell. That is only a partial account of what happens. He will be able, almost by an instinct, to find at what points he is in harmony with the minds associated with him. He will give these minds such means of articulation as will give this instinct its opportunities for finding these points of harmony. He will "carry public opinion with him," to use an old phrase, not by design, or by force, but by himself being part—a vital part, granted—of that public opinion. He will dominate invariably, not by a trick or by dishonour, or by subterfuge, but by frankly recognizing the existence of the group-mind, of the fact that organization, to be of real value, must be an evidence or a materialization of that group-mind, and that if he is to lead and inspire it must be by leading and inspiring the group-mind. He himself must be ready to be its servant, when he finds himself wrong. Thus it is true, in a sense, that we are substituting a new tyranny for the old but it is with the exception that of this new tyranny we are all a part and all responsible for the spirit which informs it.

Thus far we have been dealing with what may be called the spirit of management and we have found that it is manifested principally in cohesion or co-operation. We have now to discover in what form this spirit of co-operation can best be developed. An analogy may help. If we put into a bag a number of spheres there will be no cohesion between them. They will roll over each other with minimum friction, which means that they will be independent of each other. On the other hand, we may place objects together which are different in shape and thus to a great or a

less extent cohere together. In the case of a dove-tailed carving or a jig-saw puzzle this is most clearly evident. Now management may be of two kinds. It may divide up into sections each like the other, analogous with the spheres as described above, or it may divide up into sections each having differences, as in the case of the dove-tailed carving. The former method is the territorial method of division. The latter method is the functional. With the functional method of dividing responsibilities there will be much more cohesion of the whole than with the merely territorial method, for the simple reason that functions cannot be separated sharply and the very overlapping becomes a factor in cohesion.

That is the prime value of the functional system, but it is not the only value. Functional management focuses attention and thus calls for specialization. The "staff" manager, whose responsibility it is to direct the human side of operations, to consider the human point of view in correlation with the other points of view, will become not merely a true expert in respect of that point of view but will become practically a staff representative. The higher management, therefore, will have comparative ease of mind in that it is confident that this point of view will always be considered. The "staff" manager will know how to consult the representatives of the staff, how to gain by the knowledge which he obtains, how to foster a co-operative spirit and to let it clearly be understood that he does not strive to get the best out of the staff by any tricks or unscrupulousness, but that he will get the best by himself giving the best. In short he will succeed by the fostering of the "group" mind. His methods of discipline will be aided by the general moral assent of the body of workers. He will be a disciplinarian in the truest sense of the word in that his function is to make disciples and in turn to train

himself to be worthy of that discipleship. All this may seem to be apart from individual methods and to belong to the land of dreams, but it is difficult to estimate how much has been lost in the past by the failure to look at industry with the true insight which knows the value of human relationships. The "staff" manager will know how to handle individual complaints. He will have an instinct for individual grievances. He will realize that these individual troubles have a greater influence upon corporate life than we have supposed. But that does not mean that he will ignore the greater questions, wages, general conditions, and the like. In fact, not merely in regard to his own immediate industry but with regard to industry as a whole he will do wisely to master the problems, to look for undercurrents, to estimate what are the aims of the workers or, what may not quite be the same thing, what are the aims of the leaders of the workers. There can be no science of management which does not include study of social problems, with the frank admission that they *are* problems and not to be settled by mere conflict or to be solved by mere denunciation. Thus in a real sense and in a wider sense than might generally be understood, the "staff" manager is to be an expert and a specialist. He is not a supervisor. The less he is called upon to control the performance of work the better. He is the focusing-point of the human relationship between the employers and the employed. It calls for unusual ability and for unusual qualifications; it calls for courage as well as insight, for the "staff" manager may have to raise contentions which those holding the other functions of control may not altogether approve. At the same time it must not be emotional, nor easily persuaded, nor in the least prone to partialities or impressions.

If we look at these necessary qualifications, then we

shall see how absurd it was for any one man to attempt to control all the aspects of an industry. The value of functional management lies essentially in the fact that it has to deal with complex questions which arise not merely from the natural complexity of the human factor but from an additional complexity which has been brought about by the accident of history. It is an unfortunate fact that Trade Unions have gained their present power largely through the accident—if we may call it an accident—of the needs of defence. There is a clear distinction between this association for defence, as we see it in our day, and the organization of guilds in the Middle Ages. True there was mutual defence in the guilds also, but it was not defence in the sense that it marshalled one aspect of industry in a solid body against the other aspect. Craft organization, as we see it to-day in the medical profession, has its protective element and it has, too, its element of offensive hostility when called upon, but that defence is not marshalled all along the line against what seems to be one enemy. This marshalling for assault is not confined to the labour side, and it is not at all easy to say which comes first in history, the organization of the capitalistic owner or the organization of the worker. It may seem at first glance that the organization of the capitalistic owner is only a growth of very recent years, and yet it is to be pointed out that long before the Trade Unions reached their present centralized development there was something of understanding between employers and more than a little loyalty to each other which, though it fell short of actual organization, yet had much the same result. This is said not to assign blame either to one side or to the other, but to indicate that the functional management of staff includes and necessitates a knowledge which can only be obtained by the actual process of such management as well as by an

intimate acquaintance with the history of labour developments, the aims of such developments, and the influences which have moulded these developments in the direction of general solidarity of labour rather than, as might have been expected, on a more strictly craft basis. To the functional manager, whose day by day work it will be to grapple with difficulties in their initial stages and to go out and meet them, it will be a surprise that the ordinary tendencies of group-minds to cohere in their own calling should have been submerged in a wider though less close cohesion, and that national agreements on wages and the like, entered into at a distance from the worker, should gradually seem to make him a pawn in a vast conflict. It is a development which adds to the difficulties of the management of staff in a local industry, not so much because the staff seem to be more powerful, more able to defy discipline, but because their interest and thought and contribution to the administration of their own industry are much less easily brought into play. Industry at large has paid a heavy price for the centralizing of the Trade Union movement. It is true there is a development in the other direction and I think there has been unnecessary suspicion of the Shop Stewards' movement. The necessity for localized representation has grown up from the recognition that there is a local point of view, that there is a realm for local discussion which the centralized authorities cannot include in their discussions. When, therefore, we have heard laments of the lack of discipline in Trade Union operations we shall do well to realize that it has some significance. As Dr. MacDougall says in "Group-Mind," there has been "a lack of the enlightened group spirit which only time, with increasing experience and understanding of the nature and functions of group life, can remedy. It may be hoped that with improved internal organization, with the

growth of more insight into the mutual dependence of the various groups on one another and on the whole community, these groups, which at present seem to some observers to threaten to destroy our society and to replace the rivalry of nations by an even more dangerous rivalry of vast occupational groups, may become organized within the structure of the whole and play a part of the greatest value in the national life."

Thus the "staff manager" will not regret the organization of his staff in groups. He will regret that the organization is insufficiently articulate locally and he will regret to find those whom he is called upon to lead inclined to be unthinking units of a greater organization which may seem to rob them of any directive interest. He will find, however, that first appearances in this matter are deceptive. There is a local group life. He will only understand his staff in so far as he appreciates the possibilities of this group life. It is knowledge which is needed, not the intimate knowledge of this and that individual worker, the number of his family and the kind of vegetables on his allotment. There is some value in personal interest, but it has been over-estimated, and the "good" employer of the past was too ready to plume himself on this personal interest and to forget the rest. True knowledge of one's staff is a group knowledge. It is a knowledge of each as a member of the group, modified by the group, from the point of view of the group, having the aims of the group. In fact the "staff manager" will become the focusing point of the whole spirit of the group. He will feel its needs and if he sets out to be duly sensitive to those needs it will frequently be unnecessary that they should be formulated. He will know what his staff is about to think. The very corporateness of the thought will bring it to his mind with definite force. It is the

beginning of the science of the Psychology of Management. To all the control of the enterprise the "staff manager" brings the hopes and the fears of the staff. It has been said that the day of discipline has passed. In one sense of the word "discipline" that is true, but in place of that older discipline there is a new discipline in which the associated minds of all concerned in the welfare of the industry—and that is not the management only—will co-operate and the group-mind will be an effective discipline. The "staff manager" will make his own contribution to this group-mind. He will not merely receive impresses from it passively, so to speak, and as a recorder; he will know, if he has the proper personality, in what way he can best direct and lead it, and in what way harmony can be maintained. For efficiency of the group-mind demands harmony as its primary condition. As Mr. Barker puts it in his *Political Thought in England from Herbert Spencer to the present day* "there is a college mind, just as there is a Trade Union mind, or even a public mind of the whole community; and we are all conscious of such a mind as something that exists in and along with the separate minds of the members, and over and above any sum of those minds created by mere addition." It is this group-mind with which the functional "staff" manager has to deal.

So the functional management of staff is not in any sense an easy enterprise. In fact it is too difficult to be stated in precise language, so much having to be left to what Professor James called "the depths of Personality." But it is clear that to prepare this task the manager must be separated from other functions. He must not be overworked with other details; indeed in respect of his staff management alone he will do well to keep details to a minimum, to be free for general observations, available and approachable to enquirers, and time is not misspent which is occupied—

apparently vacantly occupied—in merely receiving mental impressions. The managing director who asked his manager if there was any particular unrest in the staff was rather surprised when the manager said he did not know. If he had carried out his surprise into action he would have realized that he needed a manager who would be sensitive to unrest, who would know of it by direct psychological evidence, who would himself be unhappy in the atmosphere of it. We have come to this conception of human management by a tortuous route and after bitter experiences of strife and conflict. We have tried to make human relationships accord by force, much as piles are driven. It may be that if we had been more subtle, if we had realized the complexities of the psychological relationships, if we had set out a little more humbly by admitting that human nature in its group form is not easily understood and is even less easily governed, we might have saved much misunderstanding and some agony. We might, too, have laid a firmer basis for industrial security. While we have argued about wages and outputs we have overlooked the human factor, whereas if we had begun with the human factor wages and outputs might have settled themselves. We have overlooked the value of careful praise. Recent writings on Education have shown the use of carefully discriminated distribution of credit. I put this in the first place, for we shall come to an examination of details of staff management later on. It can hardly be stated better than in a recent issue of an American journal: "Among the several laws set down by Mr. Knoeppel, a well-known American industrial engineer, as essential in the operation of a business corporation, that with respect to the placing of responsibility seems to be quite important. Each worker must be held responsible for certain results, and should have full authority to get them in his own

way. Too often we adopt detail-chasing tactics which develop leaners, instead of man-building methods which develop doers. Executives should give their subordinates absolute authority to do things falling within their sphere. Employes should be held responsible for results rather than for methods used ; and if a policy of giving full credit is adopted by the highest officers the same policy will soon extend down and permeate the whole organization.”

CHAPTER III

CO-ORDINATE MANAGEMENTS

THERE is an important point in Dr. MacDougall's book. He is discussing the question as to what makes a nation. Clearly it is not merely the tie of race, or the tie of locality. There is something more which distinguishes a nation from any other congeries of human beings, and Dr. MacDougall decides that it is organization. All we are saying on management really refers to organization. Functional management is desirable, not in itself only, but because it makes organization possible. That organization goes more deeply than we sometimes suppose. I cannot accept Mr. Gilbreth's definition of the Psychology of Management as meaning the study of the effect of the mind that is directing work upon that work which is directed, and the effect of this directed work upon the mind of the worker. This definition, I hold, suffers from the old idea of individual domination. It introduces, I think, an unnecessary middle term. I think that emphasis should be laid upon the directing mind working in close co-operation with other minds. Whether there is or is not in collective psychology a mind separate from the minds of those who make the group need not be discussed. It is sufficient for our purpose if we recognize that the collective or the assembled minds work together and that the manager while being effective in direction, is only effective in so far as he carries the other minds with him. Thus there is a basic organization, the organization of mind, and the finer and more responsive is this basic organization the more effective will the direction be. Thus

it is more true to say that all the minds act on each other, through the impress of the group mind on each. The directing-mind will have to remember that there are long trains of traditions in the minds of his staff and that the influence of the last generation is not likely to have as much weight as we suppose. In the sum of instincts which make up the group-mind the dead have had far more influence than the living. So the manager who sets out to control a staff will do well to realize at the outset of his work that in the focusing of influence he may seem to be able to do but little. That little probably is more a matter of atmosphere than of actual influence. He can surround his staff with a sense that their minds are afforded free play. He can thus influence them, in the full sense of organization, by encouraging the best influences of each mind to operate on the others. If he does this he will understand why it is that in respect of a body of men if there is some organization binding them together the general will is higher in its moral aim than the individual will, while in respect of a crowd or a mob, having no organization to bind them together, the general will is on a totally lower level than the individual will. Thus it is more correct to say that the directing and the directed minds act on each other and that the focus of the minds acts on the work.

Co-ordinate with the Staff Manager as above described there will be at least two other managers, the Plant Manager and the Commercial Manager. The functions of the latter will again be divided functionally into the purchase of raw material, the sale of the finished article, and publicity. Probably in every branch of industry to-day there is little room for improvement as regards the work of the Commercial Manager. It is part of the tradition of the stern competitive period that the purchase of raw material and the sale of the finished product are performed

with much efficiency. The publicity side has developed during recent years. The art of writing advertisements, of catching the public eye, of adding mental impression to mental impression, has gathered its own psychology around it. Whether this is a permanent aspect of industry one may take leave to doubt. Sooner or later efficiency will be transferred to the side of the buyer. He will direct his purchases on a more truly scientific basis than the posters on the wall or the subtlety of a column in the newspapers, written, as he realizes, to allure him. For all that, in the present condition of trade and interchange, it is probable that publicity will continue much in its present form, though more highly developed as the years go by until it is developed altogether beyond recognition. There is even less to be said by way of suggestion as to the purchase of raw material. Its scarcity to-day has probably made the art of purchase more efficient than ever it was in the history of industry. Not yet have we carried out the prevention of waste as far as we might, but it is not possible to deny that in this direction we have made progress. The new arrangement, legalized in Italy, for representatives of the staff to control the purchase of raw material, even with the widest democratic intentions, is certainly not called for in England, and it is doubtful if it could succeed anywhere.

The fact is that the real problem of functional management is attached to the Plant Manager and to the functional subdivisions of his responsibility. First of all he has to face the old question of the relationship of his expert engineers to the control of the machines when they are working. There we have in another form the old question of "point of view." The expert engineer constructs plant, conducts research towards improvements, controls the working of the plant and provides to the best of his

ability both for the minimum of depreciation of wear and tear and on the other hand for the substitution of the plant by "scrapping" when the time has arrived for "scrapping." Under this heading it has to be said that "scrapping" is not so uniformly desirable a process as is sometimes believed to be the case. In the various industries associated with iron it is probable that comparatively old-fashioned plants frequently perform their functions admirably and that the cost of new plant, something like the cost of another "dose" in conventional economics, would produce a diminished return. The whole question of new plant is a more complex question than is usually understood. At the present moment, when new plant is exceedingly difficult to obtain, there is a greater focus on getting better results out of the old plant. The engineer's point of view is probably favourable to the newer plant. It is not his function to appraise its merits from the human point of view. To say this is not to lower his valuation. He will probably be one of the highest paid of the officials and though the plant manager will consider his proposals the engineer should not be regarded as subordinate to him. In fact the analogy of a steamship is valuable, where the chief engineer has his own functions correlative with the captain's function of the general management of the ship.

Thus the plant manager is the focusing point between the staff manager and the engineer. Productivity must be his aim, but it will be long-sighted productivity. It will have its valuable element of conservatism in respect of new plant; it will have the staff point of view placed before it in the consideration of any change. The plant manager will not decide. There is the correlating superior manager whom one may call the director, but before questions come to this final court for decision the plant manager will have correlated the various factors in the issue. He

will have worked out the questions of costs. These questions are of vital moment, but they are not final questions. It is quite conceivable that considerable improvement might be effected from the point of view of bare costs and yet prove ultimately to be undesirable if it meant that the human element, which after all is the factor in respect of all machinery, since there is no really automatic machinery in the world, would be placed either in hostility to the new machine or, what is more probable, is found to work the machine with less pride or enthusiasm.

Thus we see the importance of closely dove-tailed functional control. It must be repeated that its first aim is to maintain the whole industry as a closely-welded corporation of individuals. It recognizes that whatever may be the rank of the worker he bears a contributory part in the collective consciousness of the whole and only in so far as he bears this part is he being permitted his full self-realization. For this reason the functional arrangement which we have described must be carried down the line. The staff manager will have his assistants, but they will not be allotted different sections of the staff, but different functions of staff control. There will be an assistant manager, let us say, to control absences, substitutions, hours of meals or of recess generally, and he should be available to receive individual complaints at all times. There will be an assistant manager to deal with conditions of work, to study human operations, to suggest to those who manifest inefficiencies in what way those inefficiencies can be overcome, to consider and to re-consider and again to re-consider the methods of training in the light of actual performance of work. The bearings which this has on scientific management, will be seen later when we come to deal specifically with that subject.

Similarly the Plant Manager will have his assistants

and it will be found useful to allot to each of them not only a particular responsibility but a particular co-ordination with one of the assistants to the staff manager. It is probable that the division of responsibilities of the assistants to the Plant Manager can best be done functionally, that is to say, to give him the oversight of particular things which machines do rather than the oversight of a certain number of particular machines. Probably in this way his functions will best co-ordinate with the functions of the engineer, since one engineer will be allotted a number of machines and it will lead to efficiency if more than one assistant to the Plant Manager considers the working of the machines of which he is in control. It is never wise to divide functions, already separated fundamentally, in the same way. That is to say if the assistant to the Plant Manager deals with a machine which cuts wood into certain pieces and also prepares the wood for its next operation, as one engineer is in charge of the whole machine it is an advantage that a separate assistant to the Plant Manager should deal with the cutting (of many machines of course) and another assistant to the Plant Manager should deal with the preparation of the wood for the next operation.

One can foresee a criticism. Is it not simpler to have clear-cut responsibilities? It is, but the aim before us is to correlate the human machinery into one sensitive whole. For this purpose overlapping of functions or, more accurately, intertwining of functions, is necessary. In a factory containing a thousand machines—say spinning looms—nothing could be easier than to divide them up into a hundred machines for each manager, fifty machines for each assistant manager and so forth and to act similarly for the engineering side. The disadvantage lies in respect of cohesion. There is no co-ordination, no compulsion towards discussion, no correlation of

differing points of view. The functional system of its essence is a system based on points of view. It realizes that no one mind has all the points of view. It aims at specialized knowledge in the psychological sense that there is not only a knowledge of fact, but a knowledge of fact in perspective. In short, it has the group mind in front of it all the time and to this extent it is suspicious of the individual mind. It disbelieves in the super-man. It does not look for initiative or driving force from any one human being. True it does expect, as we shall see in the next chapter, that one man will be the central point of the new organism, but he will both receive and give. The writer read recently a remarkable story called *The Buckpasser*. It was a study of a young man who was put in charge of a clock-making industry which had fallen on evil days. He was hesitant to believe in himself. He felt that temperamentally he evaded responsibility; he "passed the buck," to use the American phrase. So he consulted all his heads of departments, kept in close touch with them, the corporate life developed, each of the men leaped to his responsibilities, and the business throbbed with success. The "Buck-passor" did not know it, but he was appealing to the group-mind. It was the collective psychology which was making the decisions. Each unit of that collective consciousness made its response and the whole was healthier and better than argument. To take full advantage in this way of collective strength is not to evade responsibility. It is not to be a shirker, for the task of focusing and centralizing and articulating the collective will is by no means a task for idle hands or loose minds. In so far as machinery is available to assist to this end there does not seem to be anything more efficient than the functional division of responsibility.

It may be said that this only applies to a large industry. The scheme as outlined is not intended to

apply strictly to any industry, large or small. It is an attempt merely at describing a principle. Yet there are no industries, large or small, to which the principle does not apply. It is never wise to jump to a conclusion and to attempt to introduce so subtle a principle in its completeness. It is far better to work gradually towards the end. Let it be remembered that, of the group-mind as we know it, our contribution to-day is of much less weight than the contributions of days long gone by. Old impressions, social characteristics, mental tendencies, all these make up a large portion (so to speak) of the collective mind. Not in a day can we induce this collective consciousness, after all the years of seemingly individual action, to recognize that it is to act corporately. Further, it is a matter of spirit rather than machinery, and it is to the spirit that we must first make our appeal. True the machinery is needed, but the mere machinery will not bring mental harmony. Granted the right inspiration, a comparatively small beginning with functional management will achieve much—it will achieve the great work of showing the way for more complete functional machinery. So it calls for patience, for open-mindedness, for sensitiveness to the hopes and fears of others, above all for such a mutual trust and confidence as is not easy to find after the generations of conflict and self-seeking. It will not solve all problems, and indeed no wise man would wish it to do so. A problemless industrial world would be a hideously dull world. Industry has lost the colour and the romance of earlier life and its attractiveness lies in its problems, its human problems in particular. But an essay towards functional management at least is an effort to recognize that there are these human problems and that they can be met only by aggregating human minds together and by each making its own proper contribution.

CHAPTER IV

DIRECTIVE MANAGEMENT

ULTIMATELY we come to the man at the top. It will seem that closely functioned organization, as we have described it, will leave him little to do. In a sense that is true. He will devolve his responsibilities, not upon an individual but upon an organized system of which he is a part, a real and active and initiative part. In his own mind, he will himself be a microcosmos of the whole. He will be aware of all questions which are being discussed by the functional organization ; he will, indeed, be the nerve centre of the discussions. When he gives a decision it will be to bring to a focusing point all the data which is presented to him from differing points of view. In fact many decisions will be reached by the organism, for it is the task of a true organizer so to build up the organism that it will act spontaneously as he would wish it to act, not by his controlling or directing force, but by the combination of all the experience and knowledge which is possessed by the organism as a whole. In this sense the superior control is an articulation. It does not shirk responsibility. It is active and inspiring when it does not seem to be active and inspiring. Like the nerve centres it is responsive as well as initiative. It will distrust itself when it is solely initiative and not at all responsive. It will be suspicious of something wrong if the organism itself does not lead up to the decision which the chief officer finds it desirable to give in particular cases.

It is clear that to control an industry in this fashion it is desirable that the head officer should not be encumbered with routine detail, but this might be

stated in such a way as to give rise to misapprehension. There is detail and detail. The manager will need to have his finger on the pulse of the machine—on each of the many pulses of the machine. Thus it is desirable that he should be in possession of data in summary form showing the purchases of raw product, the sales of finished goods, the costings at various stages, the percentages of sick and other absences, of time lost, of imperfect work, and these can all be put into curve shape so that at a glance he can see rises and falls. Each of the functional managers should have a copy and periodically should annotate it from his point of view. Now this is a matter of routine detail, but it is routine detail worked up into summary form, and there is no detail so insignificant as not to justify being included in some such summary form for the information and the guidance of the chief manager of an industry. The chief manager will do well himself to annotate the annotations of his functional assistants and to distribute his notes. He wishes to make this presentation of facts portion of his machinery of organization and to make it a living and real presentation. There is a danger lurking near the presentation of dead data. We all need a discipline to make the figures living and real and periodical annotations are a good discipline. Similarly, it will be of advantage if the functional managers do not content themselves with reporting on the curves in the presented form. That is to say they, in turn, should be given some opportunity for their own initiative contributions, and the best way to do this is to ask them to furnish a report on general working apart from their periodical annotations of the curves of cost and products. This may seem to be laborious but such reports will have both an immediate and a historic value; the pendulum can swing too far away from what is regarded as "red tape." Some correspondence is necessary and the wise

administrator while he will keep reports to a minimum will take care that they are living and real reports, contributions to improvement of the organism, records for the study of efficiency and progress at all times.

Labour-saving devices will be used in respect of all this paper work. Card indexes, addressing, typing and multiplying machines, standardized correspondence, these and many other modern office devices are of value, not only in respect of labour-saving but in respect of keeping data readily available, saving time and references, focusing attention on salient points. It is most desirable to have a separate officer functionally responsible for this work, and he should keep the records at a centralized point available to the other functional managers, and should be responsible for providing them with data at any moment. Thus it will probably mean that the desks of the higher officers are "clear" of papers. This must not be misunderstood. I read recently an appeal to managers on the ground of efficiency to "clear their desks," the writer adding that a clear desk means a clear mind. If by that he meant a vacant mind, the *tabula rasa* of the philosopher, it is a meagre aspiration. A clear desk which is evidence of a well-stored mind is a different matter. It means that the mind is unencumbered, that it works "by itself," that paper has not become its tyranny. But such a mind will not be "clear." It will have essential summarized facts stored away in as organized a fashion as the office registry has its papers stored. It will be anxious to have a vision of the work and of the results of the work in every department. It will be a microcosmos, as I have said, of the "group mind" of the whole industry. This is the only leadership and the only authority to-day which is worth the name.

Various aspects of the responsibilities of the general manager will be considered under specific headings,

such as his interest in welfare work, his attitude to discipline and promotion, the methods of wages. But there is one question which needs to be discussed as a basic principle. Is it an advantage for a general manager such as we have described to be intimate with his staff or is the focusing of the functional principle done better at a distance? It is by no means a simple question. In the Victorian age it was customary for the "good" employer to be interested in each employe personally—or at any rate in some of them—to ask questions about their gardens or the arrival of yet another baby, and in many cases to try to foster an interest in religion, sometimes by the distribution of tracts. It is easy to regard this attitude with a sneer, but it is wiser to recognize that it was inspired by a sound instinct. At least it recognized the equal humanity of all the workers. If we have some grounds for anxiety lest the religious propaganda of the 'seventies was used, as Karl Marx would say, as an economic opiate, it is just as well to remember that it did bring all to the one level—master and workmen alike. The size of modern industry and the difficulty of intercourse together with the gradual cleavage of the former between the so-called employing classes and the so-called employed classes have interposed difficulties in the way of personal intercourse. Probably the worker does not ask for it, expect it, or welcome it. Still no one responsible for a large industry can be quite easy in his mind without some such intercourse. It is revolting to think that by reaction from Victorian methods one must cultivate a distant relationship, surrounding himself with the dignity of perspective. On the other hand the general manager, by the nature of the case, is distant. If he accepts the functional method for the management of the industry as an industry is there any reason why the functional method should not apply equally to the human relationship?

It might, therefore, be the best way to leave the human relationship to the staff management, supervising it a little distantly as all other functions are supervised. To the true manager this is a real loss. Firmly believing in human methods he will lose the human touch. But in these matters it is not enough to act on self-will or on native tendencies or on inclination. The policy must be thought out. It is unwise spasmodically to adopt a system of friendly intercourse with staff or to adopt a welfare system on the spur of the moment, and it is unwise to give a guinea to this or to that by impulse or by mere caprice to allow men to "go and have a game of cricket."

The truth seems to lie in Personality. It is no easy ideal, but the general manager will seek an ideal which, without actual friendly intercourse, will radiate through those whose function it is to deal with the staff the spirit of friendly intercourse. It is the spirit which matters. Many an industrial tyrant has been known to chat and jest with his staff in the intervals of very different methods. It has been said that true charity cannot be organized and true love cannot be engineered. The general manager who cannot affect the whole of his staff with the sense of friendliness, even—as must be the case in large industries—if he has never exchanged a word with most of them, has not begun to learn the spirit of organization. He may interchange greetings with them if he likes, but it is of no avail unless they know of a verity that he lives every moment of his life in spiritual intercourse with them. It is the deeper side of true fellowship, true co-operativeness. It will observe the courtesies because they are expressions of that fellowship. It will allow and even encourage the deeper intimacies to be manifested, but it will not substitute the friendly word for the constant considerate attitude or the studied enquiry for the real deep intimate interest.

This leads to a consideration of benevolence. It is taken as a commonplace that the good employer will be benevolent. Of course he will, but he will take the strictest measures to prevent that benevolence from drifting into mere sentimentality. He is responsible for the formation of character, and character is best formed by clear and definite thought in control and leadership. Moreover, it is to be remembered that the type of benevolence which is loose and always ready to make concessions for immediate peace does not appeal to the best qualities of those who are the subjects of that benevolence. It is undoubtedly a fact that as the intelligence of the people rises there is a disposition to resent what seems to them—though probably it is not intended to be—patronizing benevolence. They ask to be allowed to take initiative. The old-fashioned "good" employer did far too much for his workpeople in that he initiated too much. As we shall see, it is one of the disadvantages of welfare work. Probably the central evil of the social system as we see it to-day is that too much initiative rests with the machinery of government and too little on the individual or on the corporate life of the individuals. It is possible to encourage initiation, to be ready to co-operate in ventures for help or for welfare, without actually removing the onus of responsibility from the staff itself. In other words it would seem that from the point of view of the higher administration of an industry what I would call "passive benevolence" is the true attitude. It will probably have a greater influence in the end than the somewhat fussy type of benevolence which removed the element of spontaneity from the minds of the workers. The sense of themselves doing something is of far greater value than the recognition that whatever they do is resolved into a mere result of dictation or suggestion from above. Once again I would quote Dr. MacDougall, "The moral

effect of good leadership . . . works throughout the mass of men by subtle processes of suggestion and emotional contagion rather than by any process of purely intellectual appreciation." This may seem to indicate that the lower in intellectual quality an industrial staff may be the more responsive it is to the subtle processes of suggestion. That, however, is only part of the truth. The moral effects of leadership may suggest, may infect by contagion, and in the case of a staff of not very high intellectual quality, may produce its results almost automatically. But that is not nearly so valuable as the influence of contagion and suggestion in providing a healthy atmosphere for spontaneous initiative in the minds of the staff itself and for this spontaneous initiative a certain level of intellectual quality is essential. It is probably the case that we are not at the beginning of our discoveries of the value of education. So far we have still regarded education as a means of picking out a few men from the general body of "workers" and of giving them a calling which seems to be more dignified. It is extraordinary what a strong hold this vicious tradition still has upon all our minds. It even affects Trades Unionism where the passion for leadership or for administrative posts leads men to shrink from the task of the ordinary worker as from something on a lower level. When we reach a true appreciation of education, of the intellectual processes which are so valuable in inspiring, from all sorts of points of view, the corporate mind, we shall be able to realize a new conception of leadership.

There is always a liability to misunderstand the central idea of devolving responsibility on others. It persists where we should least expect it to persist. The primeval cause which made work seem to be an unattractive thing leads a man very readily to suppose that if he tries to get rid of work he is doing it from the

voice of inner nature and not in the interests of efficiency. Work, too, is itself a term which is often misunderstood, so that the physical appearances of used energy, the fussiness, the overwhelming bundles of correspondence, the long hours—all these seem to indicate work and toil, while patient thought and careful consideration and minute observation look pitifully like idleness. It is also a fact that the sharing of responsibility brings with it subtle temptations. Once again we quote Dr. MacDougall, "Many a man who would shrink from the responsibility of directing a great and complicated commercial undertaking will cheerfully join a board of directors each of whom is perhaps no better qualified than himself to direct the business of the concern." These dangers will always be present to the mind of the manager who sets out to institute a system of functional management with devolved responsibilities. He will never shirk responsibilities himself ; he will make it a cardinal rule never to penalize a subordinate for an error in judgment where that judgment has been based upon the best induction possible. His first aim will be to encourage the acceptance of responsibility by the functional managers by himself in turn accepting the responsibility for their judgment. It will be in vain for a general manager to appeal to the collective mind unless it is evident first and foremost that the body of functional leaders are themselves a collective body. This is to be the case irrespective of the fact that they view the problems from different angles. They must learn to differ corporately, and this is by no means a mere paradox in expression. Truly corporate life is strong enough to bear such differences. It is so anxious for ultimate rightness that it will go out to meet differences. It will have no tyranny of opinion. It will avoid any fear of the articulation of views which may not seem to be the " accepted " views. There will be

no room for jealousies, or for personal rivalries. We must not be foolish enough to expect to find super-men, who have none of the faults of our common humanity, but we may expect so to bind them in corporate endeavour that the corporate whole is higher in aim than the will of each individual. It is the one result of corporate life which stands out in importance above all other results. If we are to work towards such a character of corporate life in industries generally it is clear that it must begin with those who are called upon to direct the industries.

To what extent this can best be done by a frank recognition of the psychological aim, or by the spirit of fellowship which is inspiring and recks nothing of psychological theory is a last question which by no means is easy to answer. In the main it would seem that what is wanted is spirit and will. Perhaps, however, there is room for exact psychological observation and the general manager, whose functions we have described, would make worthy contributions under this heading. Industry is a complicated psychological problem in itself and not all the research laboratories in the world can give us sufficient data as a basis for real knowledge. We shall not make progress until each industry itself is a laboratory, in which there will be the humility of a constant readiness to learn. There is a danger in approaching this question too narrowly from an academic point of view. The science of psychology has made wonderful advances but these advances run a risk of being rather apart from the complexities of ordinary practical life. The time is ripe for contributions from men who already have faced the problems of human direction, who have attempted in this or that way to find a solution for them. It is surprising how many of such managers have reached the fundamentals of psychology without knowing it by these day-by-day experiences, just as

M. Jourdain talked prose. If we could correlate these references and grope further towards an understanding of the science of human relationship we might come nearer to a solution of a problem which, too often, has been left to the play and counter-play of forces. Might will be of no avail in this psychological sphere. We need something more subtle, more scrupulously considerate, more catholic in its appreciation of different contributions, before we find the full value of psychological functionalism.

After all, as Mr. Parsons, a shrewd American writer, has told us, management is an empirical venture, and its chief problem must be solved in performance. "Ideals and principles," he says, "are only the vestibule to a vast field of scientific experimentation and industrial adventure. It is a slow, difficult and detailed job, this keeping the industrial machine in motion and at the same time trying to apply this or that principle of capital-and-labour relationship. Wholesale methods must give way to retail. Students of sociology and theology, reformers, professors—writers on economic subjects, poets, artists, theorists and visionists—these all have their place, no doubt, in raising the ideals, but they are of precious little service after the industrial managers have once adopted those ideals."

CHAPTER V

IMMEDIATE SUPERVISION

THE immediate problem of industry is in supervision. The word has a sound which is not very pretty. It comes to us from the Victorian age when the somewhat crude conception was general that the bulk of men and women would not work unless they were "supervised." It took its use in an analogy between the protection of industry and the protection of property, which has proved to be an incomplete analogy. The American word "Boss" carried the idea farther, coming from the Southern States northward to industry. "Where is the Boss," says the inquirer to one of the ten little nigger boys. "Jess you go inside an de man dat's a-doin' nuffin—he's de Boss." Our old English word "foreman" is nearer the mark. Still while we have retained the word "Supervision" there can be little doubt that we have changed its meaning; unconsciously we have become affected by the newer presentations of the fundamentals of psychology. The Supervisor has come to be the leader, the guide, the farther-seer. He will do his duty in spite of the discomfort which that may occasion to others, but not by giving way to the subtle temptation that his duty is to be measured by the discomfort which it occasions to others.

Now while this change is put in the foreground let me say at once that it means a more strict and not a less strict sense of discipline. There is no science of psychology, or any other science, in sickly sloppiness. The last and lowest attribute of supervision is timidity. The fact that supervision needs foremost of all clarity and definiteness in thought brings home to us that this clarity and definiteness of thought are of no avail

unless they are carried into effect by strict obedience, only it is not the obedience demanded by the martinet, merely the acceptance of his will and often a variant and inconsistent will at the moment, but the obedience due to a clear definite process of thought, and to this domination of clear definite processes of thought the supervisor himself is subject. Just as the King is obedient to Kinghood so the supervisor is obedient to that mental process which is the spirit of his supervision. In short he is psychologically a constitutional monarch and not an absolute monarch. Professor James warned his teachers that "an Oriental despot requires but little ability; so long as he lives he succeeds, for he has absolutely his own way; and when the world can no longer endure the horror of him, he is assassinated." The constitutional mind, ruling by careful, balanced thought, requires great ability, for the very simple reason that it requires a width of mental training which only of recent years we have come to appreciate. Now this mental training is not the same as education, commonly so termed; it is not the possession of facts in the mind. The best educated man I know is a blacksmith in the North of Antrim who cannot read or write, but he has the newspapers and books read to him, and he trains his powers of judgment in the weighing of arguments, and his powers of memory by co-ordinating the impressions which he permits outside things to make on his mind, and his powers of reasoning by careful and ripe thought over what he has mentally gathered. The supervisor who has taken pains, to a greater or less extent, to make his mind into a trained mind will find it also a commanding mind and he and others will gladly obey it. Mr. Jenks tells us that the Norman conquest of England was largely due to "the administrative genius of the Norman Clerks, which seems to have been a blend, acquired during the century of Norman settlement in France,

of the subtlety of the Gaul with the fiery energy of the Northman." True administrative genius is always a blend: it is the resultant of various influences, but it will always have as its basis the mental cultivation of the Norman Clerk.

This power of mind does not need articulation in speech. The loud voice of the dominating rebuke is not invariably a symbol of mental strength, but of mental weakness. "Do not," says Professor James, "for the mere sake of discipline, command attention from your pupils in thundering tones." We are only yet at the fringe of a great subject, but the impress of mind on mind is coming to be realized as a real factor in the management of industry. It is not a conscious or a deliberative power, that is, it must not be used dynamically. It is static. It is there. It is in reserve. It is a force of which all are conscious except the one who uses it, and immediately he is conscious of it he loses it. It is an emanation. Of course ours is a human world, after all, and communication is necessary between human beings, but the impress of Will need not always be by means of vocalized words. But vocalized communication of authority, when it is unnecessary, tends to weaken authority. Just so repeated commands tend to be ignored. The advertisement on the walls repeats itself again and again because it wishes to operate not on the conscious but on the sub-conscious mind. But supervision deals with the conscious mind. It must rebuke, but more than that it must insist on obedience to that rebuke, and it can afford to do so just so long as its rebuke is enlightened and well-informed. If the workers know by the instinct of which Bergson speaks, the instinct which comes before intelligence, that the supervising mind can be trusted to think clearly and to utter its demands clearly and finally, there will be no need for repeated rebukes. I read of Marshal Foch that

" officers who served with the Marshal through the war have said that the mere fact of his arrival at the headquarters of a hard-pressed sector would sustain and restore harassed generals when all seemed wrong. He would ask a few simple, but essential questions ; give some short words of counsel, and by sheer tranquility of mind and determination of character transform depression into optimism." Let me lay stress again on the fact that calm and trained vigour of mind must be a balance of developed faculties. You can train your memory by learning some poetry every day, but it will only be a memory for poetry. You can train it by learning groups of figures, but it will only be a memory which will enable you to remember the total National Debt or some such incomprehensible total. The one training of the memory is to allow clear and definite impressions to reach it, not confused agglomerations of impressions. So, the one training for judgment is carefully and separately to weigh up each balance of claim which approaches the mind.

But we must pass to greater subtleties. There are psychologists who make a very high claim for imitation. There can be no doubt that there are evidences of what I would call group imitations. We have seen young women showing signs of imitation of others, and this imitation is not always conscious or deliberate, nor is it always directed to a single individual. "Human beings have a capacity which is of the utmost use for purposes of collectivism," says Dr. Jung in his *Analytical Psychology*, "and most prejudicial to individuation, and that is the capacity to imitate. Collective psychology cannot dispense with imitation, without which the organization of the State and Society would be impossible. Imitation includes the idea of suggestibility, suggestive effect, and mental infection." This collective imitation is closely connected with what we may call Morale. We shall come to the value

of the collective spirit more directly when we come to the study of feelings, but there is a community of the sub-conscious mind in the matter of its intellectual operations which is of enormous value. The spirit of our collective enterprise depends not so much on individual examples of particular supervisors but upon the collective spirit which informs and animates the supervision. Our world, like all industries, is a microcosmos. We are fashioning characters *ad rem*, for the purpose of the industry. There is something more than infective in the spirit of corporateness and fellowship which we ourselves develop, and those who enter into our little world will imitate, mostly unconsciously, the spirit which we manifest.

This has an even deeper aspect to which reference is made in the application of Psychology to teaching. Here again we may quote Dr. Jung's great work. "It is not the good and pious precepts, nor is it any other inculcating of pedagogic truths that have a moulding influence upon the character of the developing child, but what most influences him is the peculiarly affective state which is totally unknown to his parents and educators. The concealed discord between the parents, the secret worry, the repressed hidden wishes, all these produce in the individual a certain affective state with its objective signs which slowly but surely, though unconsciously, works its way into the child's mind, producing therein the same conditions and hence the same reactions to external stimuli." This is a most important truth. The resistance to supervisory influence is often due to some defect in the corporate value of that influence, some brooding jealousy within the supervising ranks, some repressed hidden trouble. To say this is not to ask the supervising classes to be angelic, but it is to point out that the psychological influence of disharmonics extends far beyond the range which we might have expected. There is a restless

and nervous discontent, the attitude of the chronic grumbler, which has a disastrous influence upon subordinates. There is a type of captious fault-finding which never will remedy the faults which it finds. Supervision which is to be stimulating, that is in the technical language, which is to exercise its stimuli without giving rise to resistance and re-actions, must proceed from a healthy vigorous mind and must proceed with the concomitant stimuli of other healthy and vigorous minds or it will be an irritant. In short the stimuli must be an inspiration and inspiration is not readily explained. Professor James has some of his especially sane remarks for teachers on this point. "When all is said and done, the fact remains that some teachers have a naturally inspiring presence and can make their exercises interesting, while others cannot. And psychology and general pedagogy here confess their failure and hand things over to the deeper springs of human personality to conduct the task."

Just as supervision will do well to realize that as this unconscious influence is all important in respect of its own influence and authority so it is all-important in the work which is being done by the subordinates. The most valuable contribution which has been made by the modern study of psychology is in respect of the sub-conscious or unconscious mind. We are probably only at the very beginning of this study. The unconscious mind has been described as a "wild beast couched, waiting its hour to spring," and conscious moral life has been expressed in terms which make it appear to be only a tyrannical control of the fierce unconscious life. But this theory is being modified and we are learning that the sub-conscious mind can itself be trained. Here is Professor James again, "The more of the details of our daily life we can hand over to the effortless custody of automatism, the more our higher powers of mind will be set free for their own proper work." I

think there is some objection to the words "Effortless custody of automatism," but if we regard the realm of automatism as the broad realm of the sub-conscious mind it will suffice for our immediate purpose. There is something a little humiliating at first blush in this idea of automatism. As Professor James Ward points out, there is a certain glory attaching to the ox and the ass, since "the ox knoweth his owner and the ass his master's crib," but the ant and the bee, in spite of marvellous instinctive skill, would be regarded as automata. This apparent humiliation we must counter by the reflection that automatism "will set the mind free for its proper work." The first important fact is that we need to trust this sub-conscious mind. It is amazingly accurate. It is wonderfully efficient. It works and knows little of fatigue. It becomes errant and erratic only when it is disturbed. It has come from conscious or deliberative actions, and thus has been called "Secondary automatism," and it is in this sense that we are to understand Herbert Spencer's phrase "the child learning to walk wills each movement before making it." Thus our acquired dexterities proceed from the conscious to the sub-conscious, and when we drag them back again from the sub-conscious to the conscious we induce something of strain. If we worry, or fuss the staff so that the operations of their minds constantly pass from the sub-conscious to the conscious and back again we are definitely increasing the nerve strain. What we should aim at is to provide for the hour-by-hour working of the sub-conscious mind, with as little disturbance as possible, and with as much psychological stimulus as we can give it, by ourselves maintaining a spirit of encouragement and of readiness to help in the bearing of burdens when they do come. It is not easy to lay down strict lines, but there can be little doubt that the cultivation of the quiet working of mental automatism would do much to

help in the efficiency of supervision for then we should find the truth of the paradox that really efficient supervision is the minimum of apparent supervision. It is always there when wanted : it is a presence and an influence at all times, but not irritatingly evident. It was James Mill who drew attention to the "acquired incapacity of attention" whereby sounds in which we have no particularized interest soon pass unnoticed. Indeed a sudden silence is as effective in breaking the sub-conscious train as a clap of thunder. It is beyond question true that we allow too many factors to enter which momentarily break the flow of sub-conscious stimuli. Talking while at work is reprehensible, but even here there are psychological considerations. The thought inspiring the odd word which is exchanged is itself in the sub-conscious realm, but as Professor Ward says "a striking impression or thought interrupts the performance of skilled movements." Against the occurrence of such striking impressions thoughtful supervision must struggle. There is an attentiveness of the sub-conscious mind which we have to cultivate. Errors arise in speech through the interruption of the sub-conscious mind by a train of dominant thought. There is the story of the American party at which there was insufficient to eat. A guest speaking of politics to the host wished to refer to a "square deal" but his sub-conscious mind made him speak of a "square meal" and thus revealed his real thought. The point to remember is that supervision has to consider many psychological factors ; it will recognize that "there is a human restlessness which is always looking for support," and that restlessness is often satisfied by the mere consciousness (or, more accurately, sub-consciousness) that the support is available if needed ; it will recognize, too, that there are subtleties of absolute knowledge, such as that of the letter sorter who can tell weights with exactness and not

merely that one letter is heavier than another letter ; it will recognize that the region between the conscious and the sub-conscious mind is a region of varying depths. It will refrain from any crash upon the working of this sub-consciousness, only if it is urgently necessary ; it will avoid any disturbance of attention which might alter the focus, quite content with the marginal attention, somewhere within the circle, which the sub-conscious mind gives to the work, provided that marginal attention is undisturbed. It will remember that attention—the drill sergeant's " central word of discipline "—involves not so much concentrated attention, but, almost negatively, undiverted attention, and it will assist the attention not to be diverted. It will remember some of the later discoveries of experimental psychology, as, for example, that the number of successive quick beats or successive sounds which can be distinguished accurately without counting is about eight and that the memorizing of meaningless syllables on a single reading has definite limits and is about six or seven, and this is called " the span of prehension." All these have a bearing on the capacity of the sub-conscious mind for our day-by-day work. Of course, cataclysms come and the keenest and most volitional conscious acts are required, but that is entirely different from the purposeful and perhaps wayward and unnecessary interruption of the placid working of the unconscious mind. Professor Adams in his book, *The New Teaching*, says, " It has been remarked that the hardest lesson for the clever teacher to learn is to let the clever pupil be clever in his own way." We may translate it and say that the hardest lesson for the really good supervisor is to let the unconscious minds of his staff work in their own way. It is a pressing temptation to pull up the mental plants to look at their roots, but it is a temptation against which we must struggle.

So far we have dealt only with what may be called the purely "intellectual processes. There are other elements, just as much subjects for psychological research, which have to be taken into account. There is feeling or emotion, there is conation and volition. There is just as much to learn from a consideration of feeling and volition as from the consideration of what may be regarded as the intellectual processes proper. I leave aside the description of the feelings as given in the text-books, and their relation to action, but all of us know that supervision has to consider feelings before it can regard itself as effective. There are deep antipathies which we must take into account, the not-liking of Dr. Fell, and the impossibility of explaining the not-liking. It is usually a greater difficulty when it does not reach the stage of dislike. It has a passive stubbornness in that case which is much less likely to be affected by any reasoning process. The man who would rather be hated than scorned by the woman he loved came near to a fundamental psychological truth. That attitude of mind or heart which responds slowly to appeal is a prime difficulty and there is no golden appeal to it. We can only be patient. We can only strive that we shall be sincere, scrupulously just, scrupulously ourselves, well within control, but still ourselves.

There are said to be American ways in the management of industry for countering such feelings. String bands play at lunch time and the workrooms are lined with stained glass windows to affect the temperaments of the workers. I mention these, not as believing that there is much to be commended in such devices, but as proof that even Scientific Management, which might be criticized as too mechanical in its methods, recognizes the temperamental difficulty to which I have alluded. But, after all, human characteristics can best be met by human means. The unresponsive temperament,

or in some cases the antagonistic temperament, will respond sometimes to treatment which is not itself just as antagonistic. It will respond to the social psychology of a healthy mental environment and the response of others with a less choleric disposition will come to its aid. The value thus of a healthy corporate life is again shown, though from another point of view. Feelings act upon feelings, just as mind acts upon mind and both sub-consciously. It is, as Wundt shows, that the "individual consciousness stands in a necessary connexion with the life of the people and even of mankind at large, through speech, religion, social habit and custom. The individual will sees itself an element in a universal will by which it is determined in respect both of the motives which guide it and the end toward which it strives." We may apply this to our own microcosmos. The resultant in volition and in action is even more readily perceptible and the more prompt response we get to our appeals to the general sub-conscious mind the less likelihood there is for the individual unresponsive temperament to hold out against an appeal. Above all when trust and confidence are inspired the native antipathies vanish away. The line of least resistance then becomes not inertia to the stimulus but the response to the stimulus. No one expects to be universally beloved, or even wants in this complex world to be universally beloved, but it is a sufficient approximation to that unnatural beatific state to be generally trusted, not for being infallibly right but for being infallibly ready to take responsibility. This very individualism, the contribution of the individual, in our case the supervisor, is demanded by the very doctrine of corporate consciousness with which we are dealing. "The individual," says Höffding, in explaining Wundt, "is supported by society, but re-acts upon it through the tendency of his own thought and volition. Individual consciousness

is creative ; social consciousness is retentive. The new is derived from individuals, but society makes it serviceable for later developments and thus subserves the continuation of spiritual life. Only the progressive spirits have a decisive influence in determining the tendency of the universal will." It is salutary to remember that orders come from the highest and we must obey ; regulations tell of that which is regular and may therefore permit some aberration: instructions deal with enlightenment, the " how " and the " why," and he is a wise supervisor who realizes the full meaning of " regulations " and of " instructions " and who sets out to take the responsibility of any departure from the regular and to give an intelligent " instruction " when occasion needs. He may be disliked, but it will be the dislike of men and women who, after all, respect him, and with such dislike he can afford to be patient. His day will come.

I have not gathered these data in the spirit of the so-called Scientific Management with which I shall deal later. The efforts which were made in this direction produced valuable results, but I think they were one-sided results. The study of details of work with a view to the discovery of the best means of doing that work had its value, but it was only empirical value. I want to probe much more deeply ; and not merely to discover the best way in which work should be done, but the best way in which we can make good workers, which is a more inclusive aim. Scientific Management is too external, too merely mechanical, to achieve this higher aim. We must probe to the psychological roots of the facts. At any rate we seem to be on safe ground when we infer that the cultivation of a passivity of mind in which, to use Bain's language, " the subject will not re-act upon the presentation," will be the first aim, and that aim can only be achieved, I think, by such a comprehensive system of mind training as

will hold the different capacities of the mind in such a balance that the active or contributory capacities will be gladly at rest unless there is a genuine demand for their operations. I think we are able to stand, like Joshua's spies, and overlook the promised land. You will at once see that my contention is that for really efficient supervision we need trained minds, not in the sense that they must be educated on any conventional model, certainly not that I would have all our men and women students after the fashion of the young man of the Victorian epoch with his midnight oil. On the contrary, I want us all to be observant, to be cultivating the instinct for judgment, to develop that spirit of psychological reverence which realizes first and foremost that the human mind is a profound abyss which we have not plumbed, and that minds are not all alike. There is a difference between individuation and individualism. Each industry is a corporate calling and it can only be efficient when we adapt ourselves to each other. Scrupulous judgment must become a veritable passion with us. Let us remember that the sense of injustice, often unreasonably felt, is never blunted. Other feelings may be blunted ; chemists can taste the nastiest mixtures without nausea. But the sense, the feeling of injustice rankles. There are two broad classes of minds among us. There are those described by Dr. Jung, who " feel happier under compulsion from others than when faced to discipline themselves ; there are others who are yearning for a self-realization which must be, to a greater or less extent, a self-realization through some absorption of elements in their environment, elements of human character among them." To find the golden mean of handling these classes is the art of supervision. It is not easy. Our judgments have carefully to be safeguarded. Napoleon, says Mr. Jenks, " knew a man when he saw him ; his judgment of individuals

as distinct from nations, or communities, was almost infallible." Our judgment has to be cultivated and always with the recognition of the danger of it being exercised on an incomplete series of facts. As the years increase our judgment is more broadly based upon a greater volume of sub-conscious experience. "There is less hopefulness," says Professor Ward, "but less fear, less sensitiveness, but more sagacity, in a word 'more presence of mind.'" Arnold of Rugby could impress his character on his pupils. Jowett could claim that Oxford taught an English gentleman to be—a gentleman. But we are not all Arnolds or Jowetts and we must seek humbler ways. The process of cultivation of judgment, with a view to making ourselves in some sense worthy of the leadership with which we have been entrusted, is a truly scientific process. It stands with hushed feet outside the temple of the human mind, but they are not trembling feet, for it is determined to do all in its power to attract men and women to do their best and to be their best. And this does not mean to make all equal—on the contrary it may emphasize differences, especially differences in quality, but it will leave each with something of the glow of accomplishment.

There is nothing of sentiment in this psychology of supervision. It is sympathetic in the strict sense of the word, because it is determined to "feel with." It is not sympathetic in a loose, sloppy sense, which forgets the value of discipline on human character, that is of true discipline, enlightened and reverent, courageous and far-seeing. It recognizes that we are here to perform our service efficiently and in doing so to work towards the efficiency in the highest sense of those with whom we are associated in a relationship which is truly sacred. It would be a dreadful irony if so-called easy supervision resulted in bad characters. Those who have com-

and file run a grave danger of leaping away from the point of view of the rank and file. Alice had to grow small before she entered Wonderland. We have to place ourselves side by side with those whom we are to control, side by side in understanding. This is the only sympathy which is of real value. Bergson says that "if we were to look into ourselves closely we should see that our memories form a chain of the same sort, and that our character is always present at all our decisions—is, indeed, the actual synthesis of all our past states." We are all learning. It is a lost day in which we do not learn something more. Henry's First Latin Book promises that "he shall be brought past the wearisome bitterness of his learning," but Henry was a schoolboy who regarded learning as ended when he left school, and we have learned that it is just then that learning begins. I do not believe in softness in teaching or in administration. The mental forces are appallingly ready for degeneration if we allow them to degenerate, and the infection of even a slight degeneracy is enormous. There is some psychological truth in the custom of placing bunkers in golf courses, though there is more psychological truth in the statement that "no bunkers can compare with Nature's bunkers." I do not quite want to go as far as Mr. Bradley and say that "this is the best of all possible worlds, and every particular thing in it is a necessary evil," but for all that I would lay emphasis on the value, to our own characters, of the boldest and most courageous facing, at any cost to ourselves, of difficulties in the way, but the cost must be first to ourselves, and that marks the difference. The lady who complained to the teacher of the kindergarten that as a method it was all nonsense—"My boy is so bright that he saw through it immediately"—was met with an admirable response, "Yes, we showed him the difficulties which he did not

see." And there is a lesson for supervision in the story. ,

I confess for my own part I face this study of psychology with eager expectation. I do not know how far it may take us. Not so far, I hope, as in Columbia University, where the Matriculation Examination is said to consist of some kind of a psychological, almost a phrenological, test to discover the qualities or potentialities of the student. But, at any rate, if we learn something of the deeper workings of the human mind, we shall face the responsibility of leadership with a new direction of motive. Not all have the same qualities, not all will be able to make the best of human capacities ; it is indeed probable that as we proceed we shall find the differences more marked which separate man from man. It may be, too, that as Bergson says, " a perfect being is one who knows all things intuitively, without having to go through the intermediary process of reasoning, abstraction, or of generalization." We are not perfect beings, and we shall be compelled to struggle on with reasoning and with the training of our judgment. But we shall be surer in judgment, more positive, because more enlightened in direction, more comprehensive in aim, more exquisitely sensitive to mental profundities of which we have been unaware, more ready to learn, more generous to teach, more effective in silent rebuke, more readily helpful in encouragement. And that way lies an efficiency which will be the highest possible industrial efficiency, and will, indeed, be more than mere industrial efficiency, for it will be an efficiency which will enable us to hand on to those who come after us not merely a human relationship of which we shall be proud, but a human process which we have learned to develop until it has become radiant with a deep spirit of fellowship—a spirit of fellowship which the cold mechanism of industry will find to be an undying inspiration.

CHAPTER VI

TRAINING AND SCIENTIFIC MANAGEMENT

SCIENTIFIC Management is hardly well-named. It is a theory of what might better be called Executive Management. It belongs essentially to that section of management as a whole which is concerned with the immediate direction and control of staff. Important though that is, we cannot agree that it covers the whole ground of management. It is curious that in America the more distant phases of management, as we may call them, the formulation of policy, the working out of the broad principles of production and of sale, are taken for granted. No one needs training or scientific method, apparently, to be at the head of half-a-dozen Trusts or to manage the financial interests of various huge corporations. It is understood that the more immediate managers need this training and it is for them that Scientific Management has been evolved. Whilst, however, I would protest that this conception of Scientific Management is far too narrow in its outlook, I believe that we have much to learn from it. Possibly I would apply its principles a little differently ; certainly I would look a little differently both at its psychology and at its economics. For all that it represents a vast amount of study, research, observation and comparison of all kinds of human work, of the mental operation or physical acts involved, of the methods by which stimuli are to be given and rewards allotted, of the methods by which staff can be interested both in their day-by-day work and in its eventual or corporate results. We must admit, whatever analysis to which we may subject Scientific Management, that this is a worthy aim. We have been woefully lacking in an appreciation of the human side of industrial

operations ; incidentally, I am not at all certain that the exponents of 'Scientific Management, with all their minute study and observation, have shown a true appreciation of the human side of individual operations. However, at this stage I am not presuming to analyse Scientific Management. I am only making for it the simple and as I believe the just claim that it has moved the focus of interest from the machine to the man, that it has given to the human side of industrial operations, at any rate, the tribute of minute study.

Scientific Management has come to us from America, where labour conditions in the sense of labour organization to protect its own interests are far behind the conditions in England. Consequently it comes to us rather from the Capital side than from the Labour side of the long-continued issue, and it has to be admitted that the Labour side, whether justly or unjustly, has looked rather coldly upon it. Yet it has succeeded in many industries, though in the main they have been industries rather of specialized types. It did not begin as an attempt to exploit Labour. That charge has been made again and again. It began in what seemed to its sponsors to be an effort to unite the interests of employer and worker ; it found as a basis many doctrines and theories which were a shock to the old-fashioned employer. It looked at the worker through eyes which had seen something of the truths of psychology and with a determination to be fair to the worker. Some of its exponents, while developing their schemes, apparently chiefly from the employers' point of view, have been anxious for the up-rise of Labour and began their studies with the intention of helping Labour. In fact, as I hope to show, Labour has been a little foolish in standing aside, for out of the theories of Scientific Management something greater might have been evolved and the many inductions and observations and studies might

have been put to good use. So in this chapter I shall attempt to examine the principles of Scientific Management quite dispassionately and rather with the intention of discovering what better use could have been made of those principles if they were applied in what I would call a mutual spirit.

The origin of Scientific Management, or at least the earliest trace which I can find of it, appeared in 1867 in connection with the United States Cavalry. In preparing the instructions which were issued to the men who were employed in the grooming of horses some careful study was given to the subject and the most precise results were obtained as to the way in which the grooming might best be done not only to be most efficient but also to involve the least expenditure of labour. Later on various labour operations were tackled in the same spirit. We have records of them in Taylor's and Gilbreth's books. Later still the psychologists entered into the same field and studied mental operations as precisely as the exponents of Scientific Management had studied physical operations. This of course carried the movement more widely afield so that it included the methods of co-ordinating the supervision or the immediate management. Out of all this there grew up what are called Efficiency Engineers and there has been a wonderful mass of writing on the subject. Let me say at once that three-fourths of the writing on this subject is the sheerest quackery. We shall try in our studies to keep to those writers who really have made a contribution of value in that they have given precise and careful study to this or that factor in industry. For the quackery is easily separated from the worthy research.

Englishmen generally think of Scientific Management as a means whereby a clever American decided which was the most convenient shovel for a gang of navvies to use. It is this—and very much more. It is really

a minute system of detailed functional industrial process. It begins with planning, and planning is carried out to rigorous details. The task of each workman is carefully thought out ; each motion is studied and considered and he is taught that method of carrying out each operation which is easiest and is most effective. The planning is separated from the operation and is vested in a different person, an expert, so that the workman is relieved of a certain amount of intellectual operation in connection with his physical operations. The actual physical operations are divided functionally on the ground that each workman will perform them more efficiently if he is a specialist. An elaborate system of instruction cards is introduced, and each workman is thus able to know what is expected of him and is graded for remuneration accordingly. All these processes are the subject of minute study ; even the cinematograph is brought into operation to study the movements. There are time studies and motion studies. There are heaps upon heaps of records, in fact, Scientific Management comes near to the old Red Tape and literally pleads for more and more records. There are studies of fatigue. There are adaptations of psychological methods for the purpose of impressing the staff and great care is shown to take the staff into full confidence after the methods have been adopted. Then superposed upon this foundation of elaborate detail there is a precise system of functional supervision —a separate "Speed Boss," a "Discipline Boss," a "Time Boss," and other officers who, being adept at the particular tasks, are called upon to give model exhibitions of the best way in which each task is to be done and to co-operate in the further study and analysis of the operations. Thus in Mr. Gilbreth's studies of bricklaying the time of each operation is recorded and summarized and methods of laying so many bricks, each with its appropriate mortar, are not

only suggested but insisted upon. Then there is a very complex and thorough method of training, and even men who have been a long time at work but have acquired imperfect habits are sent back for training. Added to this is what I regard as one of the most valuable features, the publication of data showing the costs of production at each stage. Mr. Crowther in *Common Sense and Labour* deals with this point admirably. "As far as the workers are concerned industrial representation is of value in the degree that it makes them familiar with the processes of the business and incites the creative instinct." The final characteristic is the method of rewards and incentives which is based upon the principle that not only do they recognize and reward the highly successful worker but they recognize the earnest efforts of those who are not so skilled and not likely ever to be so skilled. I have stated the position as fairly as I can, but I cannot refrain from saying that in my opinion Mr. Zimmern is perfectly right when he sums up Scientific Management as meaning that the management is to do all the thinking and the workmen all the toiling.

This in outline is the system. Its enthusiasts make very inclusive claims for it and they bring evidence of its popularity with the workers. There is other evidence, however, and it is not readily to be laid aside. It is claimed for it that it encourages greater interest on the part of the worker, that it produces better men as well as better work, that it rids the worker of that inertia of conservatism which we all know to be deadly, that it introduces a healthier spirit of co-operation and fellowship, that it gives exceptionally good chances of promotion to those men who have qualities for being teachers, or research students, or one of the functional "bosses" to which we have referred. All this is to be placed in the foreground if we are to do justice to the system, especially if we think, as I think,

that it has some contribution to offer to the world of industry. *

In coming to examine the principles it is to be questioned at once if any such system can succeed if it seems to be imposed from one side. Let the exponents use all the fair words they may it still will appear to the worker that it is a system for getting a greater output from the human unit at a cost to that human unit which is greater than the extra reward. It is not always the case that objective study can discover the best means for each individual of doing any particular task. Take for example the pen with which I write. It might be the case that if I point the pen to my shoulder and use it with two fingers comfortably I could write better and more easily. But that does not include all the factors. There are subtleties of the strength or the weakness of particular fingers and even greater subtleties of nerve centres and one can hardly believe that long usage with a tool like a pen does not evolve, by the natural process of finding the least line of resistance, the best way for me of using the pen. Of course there are fundamentals. We must learn in playing the pianoforte to produce the notes by five fingers in that way which long experience has taught us is the best, but one could hardly tell Paderewski to sit $9\frac{1}{2}$ inches from the keyboard and hold his elbow half an inch above it. As in so many other things the expert, when he is expert, evolves his own rules and becomes independent of the processes through which he has passed to expertness. His expertness is independence. His experience leads him to change his posture from time to time and some of the postures to which he changes cannot be regarded as those which objective studies, even aided by the cinematograph, would decide to be the best.

A similar criticism may be urged from the psychological point of view. It may be efficient on the whole

to take from the worker the mental operation of "planning" but if it means that we lose the mental effort by which the worker weighs up his task and considers the best means by which it is to be done it will not all be for advantage. I am reminded of a telling phrase in Norman Angell's *The British Revolution and American Democracy*—"The very fact that we do need more and more unity of action in order to make a large population with many needs possible at all, is the reason mainly which makes it so important to preserve variety and freedom of individual thought." Already the development of industry has specialized the manual operations until the worker is given in many cases only a comparatively small and routine task. Adam Smith's account of the division of labour in respect of the making of a pin will be remembered. But it will be infinitely worse if the mental operations are equally specialized. Professor Marshall went shrewdly to the point when he said that it will "diminish the need of the operatives for resource and judgment in small matters." Nor is it quite true that mental operations are better performed if they are narrowed. The mind may become more efficient in respect of a particular operation if it is confined to that operation, but there is a false analogy between mental and manual operations. The mind needs variety in its work. It is not necessarily desirable that management should "eliminate other thoughts," for it may not be true that they have "a tendency to retard the work." There is something depressing in Dr. Wilson's article on the shell-shock men, that the best man in the trenches was the man who had cut off all mental visions from the outside world. It is not necessarily the case that the mind is more efficient from the lack of interfering interests. One of the best psychologists of the past generation always stated that he worked better amid distractions, that his mind was

more alert when he had to bring it, by a deliberate act, from wandering. Extraneous aids, such as the banishment of other noises or allurements, do not help the mind as much as we suppose, and many of us have discovered that we can concentrate better where there are interruptions than where we are given what seem to be the perfect conditions of quiet. If every task is to be planned scientifically by an expert planner and then given to us to perform according to that set plan we lose a valuable mental exercise, and it is questionable if the ultimate apparent efficiency which follows is not at too great a cost.

Further, in the psychological realm, it is at least doubtful if we can banish all the traditions of past generations by a plan of operations, no matter how ably schemed. Research to-day seems to indicate that in the sum total of our minds the contribution of to-day is very small in proportion. In Mr. Kipling's *The Finest Story in the World* an account is given of a man with the memories of the Greek galley-slave in his mind. We all have similar memories. Long chains of traditional modes of thought have a strong grip upon us. We cannot begin *de novo* in each generation. It may be the case that Mr. Gilbreth's method of laying bricks is far more efficient, in the matter of brick-laying, than the methods which have come down to us, though there is this to be said for those methods, that they cannot altogether be wrong as they are the result of generations of experience. In introducing the "packet" system Mr. Gilbreth has to face this tremendous inertia. Consequently it might seem that the most scientific management would build upon the traditional foundations, would modify them here and there, rather than attempt a brand-new method which may be violently opposed to the methods of the past. Evolution seems to me to point in a different direction.

Again, though it is true that Scientific Management does set out to consider the worker, it does not set out to ask the worker to co-operate in discussing the new methods. He does co-operate as an individual ; he does make his own records of times and of motions, but those records are taken by the experts and turned into data. It is not conceivable that by these means we should re-introduce zest into work and it is zest which is needed. If it is to the interest of the worker that newer methods should be introduced it would also be to the interest of the worker that he should take part in the consideration of those methods. It is just at this point that Scientific Management has failed to carry the workers as a body. They feel that Scientific Management is imposed upon them. "Industrial efficiency," says Professor Jones in his *Social Economics*, "depends largely upon the spirit of the workshop. Without the hearty co-operation of the workers the most powerful mechanical appliances and the most efficient organization are of no avail. One of the most serious errors of many who advocate 'Scientific Management' is to believe that men can be parcelled out like bales of cotton, the appropriate muscles being employed in the most 'economical' manner without reference to the volition of the workers." It comes at an age which we might call the "Automobile age" when it is said that—

Not enjoyment and not comfort
Is our journey's aim or way
But to speed, that each to-morrow
Shows more mileage than to-day.

We have learned to be so facile in the use of instruments that they have become a part of us. We speak of the machine as part of us ; thus I say "I go on my bicycle," I do not say that the bicycle goes. Scientific Management has the psychological disadvantage that

it introduces a new hiatus between the man and the machine. It would bid the cyclist consider the exact position of the ball of his foot when he wants to enjoy the cycle ride.

The Group-mind naturally regards Scientific Management as being part of this process, and there is no means of effecting any improvement in industrial method without carrying the Group-mind with us. This initial psychological inertia which Scientific Management has to face may be due to prejudice or to ignorance, as its supporters would contend, but it is a very real and hard fact. Occasionally we owe it to one of the experts that a revelation is made. For example, one of them has said that "for the purpose of productivity a man who represents the ox in his mental make-up is the best." The instinct of the worker for all that is not naturally or normally opposed to easier methods, to more facile motions, to the eliminations of wasteful effort. His instinct makes him wish to think, or as Professor James puts it, "between all the details of his business, the power of judging will have built itself up within him." There is some sound psychological reason why efforts to discover easier methods and more facile motions are met with prejudice, and this reason can be found, I think, in the fact that before we introduce such methods we must have the Group-mind with us, we must take long traditions into account. There is a last objection and that is that Scientific Management pays far too little attention to what one might call the art of work. The instinct of a worker gives him a lack of respect for the mere product. There is a yearning for style or for beauty. There is truth in what Mr. Galsworthy said that if we go on producing without regard for beauty we shall go down-hill. It is of no avail that we produce with minimum effort. Rather if what we produce is a matter for pride there is greater pride in the greater

effort. There may indeed be truth in the criticism that there may be too much ease, too much facility, so much indeed as will lead to that dullness which is the breeding ground of discontent. The truth is that human nature is too complex for the crude Scientific Management. It can focus many aims under the one aim, for all the contents of the mind are by no means revealed when we take observations, even by a cinematograph, of industrial operations. "Zola," says Professor Stout, "recalled odours with great ease and distinctness. For him almost every object had its distinctive smell." He did not cease writing in order to smell efficiently. In all these respects there is an amazing difference between individuals. Some men visualize words when they hear them. Many of us use the familiar sight of words to check our spelling. Many of us live with a flood of memories raised by the words which we use. Be the instruction card never so scientific it cannot include all that passes through the mind of the worker to whom it is given as a guide. The workers know that there are various "ways of writing tribal lays, and every single one of them is right." It was Montaigne who declared that one who viewed Mother Nature in her full majesty and lustre might perceive so general and so constant a variety that any individual, and even the whole kingdom in which he happened to live, must seem but a pin's point in comparison.

These may seem to be destructive criticisms and yet it has to be said that there is much to learn from Scientific Management. It has revealed to us that there is an enormous waste of human operations. It has revealed to us that even the simplest task is capable of scientific study, that, in truth, there is no such thing as unskilled labour. Thus its primary value, I think, lies in the light which it has thrown upon industrial training. It is probably the case that

training for every industrial occupation needs to be made far more scientific. In all callings we need a day-by-day study of human operations to see if improvements can be introduced in the training of the next generation. I would have a committee on training in every industry, composed for the most part of workers, reporting month by month on their observation of the working and setting out with the particular intention of improving the training. We can learn from Mr. Parsons' account of what is done in an American industry—"All the work of new or unskilled operators is inspected after each operation. This tends to prevent large losses by pressing home on the unskilled worker that what he is doing is important enough to be given attention by those higher up. The same investigator always inspects the work of the same men, determines the cause of wastage, and works out a proper remedy." If we interpret this as losses both to the worker and to the employer we can see the advantages. Uncomfortable positions can be acquired by habit, wrong motions may be adopted, and the discovery of these defects may throw light on the methods of training. In some cases it will be quite possible, still having regard for the empirical results which long tradition has brought to proficiency, to introduce changes straight away. In other cases it will be frankly realized that such changes can only be introduced and possibly then not completely, in the next generation. If we set out in this way to develop Scientific Management we need not apprehend the hostility of the worker. He will realize that these studies are being made directly in the interest of his calling. It will modify the whole doctrine of incentive. To increase productivity is that at which all would aim and hostility to that course more frequently comes from economic fears than from any other reason. I do not think we shall see progress from any method of incentive which

encourages the hard rivalry of this or that individual worker. For example, I may quote Dr. Taylor's description of the Towne-Halsey plan. "It consists in recording the quickest time in which a job has been done, and fixing this as a standard. If the workman succeeds in doing the job in a shorter time, he is still paid his same wages and in addition is given a premium for having worked faster, consisting of from one-quarter to one-half the difference between the wages earned and the wages originally paid when the job was done in standard time." This is objected to by the votaries of Scientific Management on the ground that it does not rest on precise scientific time study, and that as neither management nor men can guess what will happen it leads to bad organization. This, to my mind, comes near to the truth, if by good organization is meant organization which is itself sound and carries the goodwill of the main body of the staff. It is as it stands a re-introduction of the old theory of competition in a new guise. But I do think that we can get the corporate body of workers to see the value of increased production of industrial goods, provided that whatever incentive may be given is given collectively. Thus, in short, as regards both the methods and the rewards of Scientific Management, I would act with the workers as a collective body. It may be a little in advance of present-day possibilities, but that is precisely what I should say of Scientific Management as it is propounded in the many books of the past few years.

This reaction of practice upon training will undoubtedly have its influence upon practice itself. The discovery of a new means of laying bricks, to take Mr. Gilbreth's case, cannot be adapted to the training of the bricklayers of the future without having some attractiveness for the bricklayers of the present, with the striking difference that they will adopt it because they like

to adopt it and because the traditional inertia has been weakened by that attractiveness. If it is true that study and synthesis of bricklaying discovered a method which required only 1·75 motions to lay a brick instead of 18 motions then it does not need much persuasiveness to get the worker to adopt it. Thus we face one of the stumbling-blocks which are in the way of Scientific Management so-called. We set out on a course which will develop in time, and this is a thousand-fold better than a course which, with all the tenderness and tact in the world, is yet imposed from above. There is no limit to what might be done by motion-study and the like if it is done with the attractiveness of good-will behind it. Here we may quote from Gilbreth's book on *The Psychology of Management*. "This giving of the 'why' to the worker through the system, and thus allowing his reason to follow the details, should silence the objections of those who claim that the worker becomes a machine." Unfortunately it does not silence the objection since what is wanted is rather more than that the worker is to be told the "why," it is that he should be part of the operative consciousness which discovers the "why." Research bureaux in which the workers are really interested are on an altogether different footing from the research bureaux which are the product of efficiency engineers. They have the immense amount of data gathered by the scientific managers with which to begin, and if this data were analysed and co-ordinated from a different point of view it might be exceedingly valuable.

Such a machinery as this might well take the place of the "Speed Boss" and the "Gang Boss" and the "Repair Boss" and the multitudes of Inspectors. I do not see how anyone short of being an archangel could bear the official title "Speed Boss" and carry with him those who are to be speeded up. I am sure it is true that Scientific Management does not intend

him to "speed up" at the cost of the lives of those who are speeded up, but evidence on this point is difficult to find and is not all in accord. It is intended that the "speeding up" shall be the result not of more pressure but of easier and more facile operations, but it is not easy for a man to draw the line between this and the exercise of pressure. It is true also that universal standards are not drawn up, but it would be exceedingly difficult in a large industry to allow for all individual aberrations from the standard. The application of Scientific Management which I would favour removes this danger, since it would operate from within and would develop by its own attractiveness. The "Speed Boss" would vanish and in his place would be a research and study committee always ready to guide and inspire the methods of training. But here again in the functional supervision there is much to learn from Scientific Management. It has put discipline on a new footing in allotting it to a functionalized officer whose mission it is to encourage improvement rather than to penalize shortcomings. It has shown us light on vocational studies, in the selection at the outset of their careers of suitable persons for the tasks. It has taught us valuable lessons on organization in the use of Instruction Cards, of carefully delimited responsibilities, of the encouragement of education both in the craft and in general knowledge, of the minute studies of fatigue and rest periods, of the use of leisure and amusement. We can afford to smile at its jests at the old type of management and at such stories as that which tells of the manager who came to the place where seven men were working and said "Half of ye come along to another job."

But while we learn these lessons it must be from another point of view. Functionalization may rob the employe of the most precious of all things—his initiative. I quote at this point a pretty little parallel

from Mr. Graham Wallas's book, *The Great Society*—“One sees the girls from an orphanage file along the street. Each girl walks by a companion, not chosen by herself with all the painful-delightful scheming of girlhood, but by the tired mistress who gives a general order that the girls nearest to each other in height should walk together. They all wear clothes and boots and carry umbrellas of the same pattern. A uniform hat-ribbon may be necessary for recognition and discipline; but one feels that if each girl had chosen her necktie and umbrella, even from a dozen equally cheap patterns, both the choosing and the wearing would have been a source of positive happiness.” We want rather to be passive encouragers of study and interest, of welfare and education, of leisure and amusement rather than the initiators of it. In modern management there is the definite danger of trying to do too much. It is the heresy of to-day. It affects our methods of education, our charities, our politics, our economics. To this end we have devoted a rich wealth of study and research and to this end we have ransacked the world for enlightenment. But we have brought this enlightenment up against the long tradition of inertia, vitalized by another long tradition, the tradition of having things done by others. The whole method of scientific planning, which is the characteristic of Scientific Management, is open to this criticism. If we could make scientific processes in industry the occupation and the interest of those themselves who are the workers in industry there is no detail in the whole scope of Scientific Management which might not be brought into use, though into transformed use. Efficiency is an excellent aim, if the aim proceeds from within. It is of less value if it is superposed from above as a hard mould into which the industrial worker must force himself. Even organization must not be too perfect, or it may be deadening to individuality.

It must leave some room for the expansion of adaptability. It is an odd thing that Scientific Management always ignores the higher management. In the sense in which I support it and advocate it the beginning must be made at the top. It is easy to overlook one's own deficiencies. It is perilously easy to sit in the seat of scornful criticism. If we are to cultivate efficiency from within, urged by an inner motive which will have the sanction of the collective consciousness of all within the industry, that efficiency must characterize the chief director as well as the humblest messenger boy. If it is to spring from an inner motive in the case of the messenger boy it must spring from an inner motive in the case of the chief director also. The day has long gone by when the head of an industry leads a life of gentle leisure touching the industry now and again with finger tips. The day has gone by for anything in the shape of absentee control or occasional control or distant control. It is not surprising that in America protest is most vociferous against this particular evil. The day is coming when science and method and psychology must be applied to the whole body corporate of industry, and that day will begin when the leaders realize that in their own methods they must find that efficiency which will inspire the methods of all whom they lead, that they must apply it with continuous zeal and steady and persistent effort, that they must manage themselves without being cumbered by detail and have a clear mind ready for the just consideration of each problem. It is difficult to achieve, for there is the human factor in management as in other aspects of industry, but if it is achieved it will lead an example which is of more value than any precept and will be able to bring the same spirit to bear in all the work of the industry. This, and this only, is Scientific Management.

CHAPTER VII

PROMOTION AND DISCIPLINE

PROMOTION, in that it is the choice of men (and of women) for functional positions will be one of the most important factors in management if it is to be management as we have attempted to define it. In the older sense of "control" it was not difficult to find the so-called strong man who would be able to command and whose virtue largely consisted in his ruthlessness. In the next stage of management, when the collective consciousness of the staff is a clearly-recognized factor, those who are promoted will need qualifications in two directions. They will still need driving force, for whatever incentive to work may be introduced by new systems, personal force or inspiration will be demanded. At the same time that driving force will be something very different from the old bullying. It will drive itself first of all, and only in so far as it has driven itself will it bring the stimulus to bear on others. It will have a sensitiveness to staff feeling, at the same time, which will keep it on a fine level of enlightenment. This will apply not only to those whom we have described as functionally responsible for staff management, but also to those whose functions only affect staff in a secondary sense. The object of all industry is to get work done, and it is of no use to mask or hide this object. The wise administrator will try to get it done with the minimum of friction, but even this is not his final object. He will try to get work done, and to carry with the performance of the work the cultivation of human character and the development of human corporate-ness. To achieve this end wise and careful promotion is of the utmost importance.

At the outset we are met with a fundamental question. Which is the best way in which to choose leaders in industry? Should they be chosen at an early age and trained for one or other of the functions of leadership, or should there always be some prospect of promotion before the ordinary worker so that the leaders would be men who have been "through the mill"? The question is far more difficult than appears at first sight. The arguments in favour of a separately-trained body of leaders are cumulatively strong. If a barrister needs a specialized training almost from his youth up, does not a foreman also? We have already seen that for the higher work of administration there is everything to be said for a specially-trained body of men, but for the nearer work of what may be called executive administration it may seem a little surprising that a case can be made out for a specially-trained body of men. Oddly enough there is good reason to believe that the general body of workers have a keener respect for the specially-trained man who does not come from their own body. They have found that his point of view is different from the point of view of the man promoted from the workers. The latter is a little too intimate with their weaknesses. He is too prone to use his knowledge of their deficiencies as a justification of his methods. He is too prone to let that knowledge become his chief qualification. As a consequence it is very rare for this type of man to develop trustfulness. Of course trustfulness is often misplaced, yet in the main, in the cultivation of worthy staff relationship, it is rarely defeated in the end. Human nature responds astonishingly to trust. The atmosphere of mutual suspicion may detect this or that individual irregularity, but in the end trust builds up character. Just as the wise delegation of authority finds that men accept the increase of responsibility by rising to the occasion, so it happens that

mutual trust draws the best out of men. Further, it but rarely happens that the man who rises from the rank and file has the culture or the width of view which will enable him to see his fellow workers in their proper proportion. It is surprising to what an extent this type of administrator undervalues their services. He knows so little of the human nature in the outside world of industry that it is apt to seem to him to be made up of angels. The nearer perspective of his own industry leads him to an under-appreciation of the powers and the capacities of the men whom he is called upon to control.

I have put this heavy indictment in the foreground deliberately, because it is necessary that it should be faced. There can be no doubt whatever that in industry generally we have suffered enormously from the wrong selection in the past for the position of immediate control. In this respect Government Departments have been far more enlightened than privately-owned industries. Promotion has been made in Government Departments, on the whole, with a far wider purview of qualifications and of attitude of mind. "The bullying foreman," says one of the best writers on industrial disputes, "has caused more than half of the conflicts." While this is true, it is to be remembered that probably it is a passing phase. In recent years there has been a development of industrial education which will probably modify the whole position. Without knowing it men and women have become students of psychology. The study of economic difficulties has come nearer home to us. The general standard of education, too, has been raised and though the pessimist may draw his own conclusions from the present-day character of much of the journalism of the hour, the fact remains that the ambitious men among the workers are earnest students and that they are not selfish students but are anxious to help the body

corporate to greater enlightenment. There is an advantage, too, from the point of view of the knowledge of men, in the interest which is taken in Trade Union aggregation. Whatever may be the future of the Trade Union Congress it is all for good that a number of the workers should be delegates, chosen of their fellows, to this vast interchange of industrial opinion. They are likely to learn more of their fellows, they are likely to spread that knowledge, and the attitude of mind of the old type of foreman will be changed to a sympathetic and to a more balanced judgment. Thus there is sound hope for a system of choice from the workers of those who will supervise them immediately and from whom candidates even for the highest positions may be chosen, whose university will be intelligent life itself and who will be a welcome permeation of the more academic type of administrator.

As it stands to-day it is too often the case that the best brains amongst the workers go to the Trade Union side and thus into more or less opposition to the administration. There can be little doubt that this lack of opportunity to become intimate with administration which is afforded to men who are conscious of their own abilities is one of the causes of discontent in the past. It is of little use to rail against the professional agitator when we have offered him no other outlet for his gifts of leadership and inspiration. The blind and stupid policy of many employers which led them to veto any man for promotion who had been in any sense a Trade Union official is a policy for which a heavy price has been paid. Wisdom might have led them to see that men who could control an organization which had to have a policy, which had to have an instinct for knowing how far the led would follow, which dealt with large sums of money in respect both of provident and of other funds, would have been the very men to have led in the industry itself. But year after year

this policy of ostracization has gone on and mediocre men with a touch of sycophancy have been chosen for promotion when far better men, having insight and driving force, were regarded as ineligible. Here again privately-owned industries have much to learn from Government Departments, where for years no such veto has been in force. We need a new orientation which will regard the psychological qualities as being the qualities of greatest value and will not jump to the conclusion that opinions on this or that phase of the Capital-Labour issue are matters which really affect efficiency. The control of opinion by force has not been an invariable success in the history of the world and there is no reason to believe that it will be a greater success in industry.

There is plenty of material for leadership. It would be well if in each industry there were a definitely co-ordinated scheme for discovering it and for training it. A scheme which would pick men, with ruthless impartiality, and send them even for a few years to a university, might prove to be a remunerative venture. It might correlate the two methods. It might train men from their youth in the science of administration, and it might also choose men from among the workers, even comparatively late in life, for the same training. The result would be an increased respect for the science of administration itself on the one hand, and on the other hand an increased closeness of touch between the science of administration and actual practice. In the choice of men from the body of workers for this privilege the most scrupulous care will be needed. It is no use making summary judgments and declaring off-hand that this or that man is the best. The judgment must be based upon an analysis and a valuation of competing claims. It will be best to divide it under various headings, such as (1) Leadership and inspiring confidence, (2) Knowledge of the

work and of its relation to other industries, (3) General education and interest in knowledge and capacity for knowledge, (4) Impartiality in judgment, (5) Resource in emergencies, (6) Personality and power to convey stimuli. An analysis under headings of this kind would have two advantages. It focuses attention on a balanced judgment of claims. It sets a clear and definite standard. It puts nepotism and favouritism in the background. It attracts the confidence of the workers themselves, for there is no reason why the scheme of headings, once it is fixed, should not be publicly announced. With such a scheme in working in the hands of enlightened control an appreciable impetus would be given to the corporate sense in the industry. The gulf which divides the two sections would be definitely bridged. The worker would feel that he is potentially the leader and that he is separated from the leadership not so much by kind as by degree.

Discipline will be transformed, equally with promotion, if such ideas prevail. The old discipline meant the domination of an individual will. The new discipline will mean the domination of the corporate will, carefully enlightened and fostered. This is not merely a difference of word, a smooth way of hiding an old tyranny. The new discipline will be frank and open. It will have one object only and that will be to bind more closely together everyone concerned in the industry. There will be punishments, but these punishments will be directed invariably to emphasizing the collective or corporate character. Punishments will be recorded and the worker who is punished will have a right to see the record. He will have the right to appeal, but whether or not he appeals the head of the industry will have some means of knowing the punishments which have been inflicted. Just as all promises must be fulfilled, so all threats must be fulfilled. It is no use warning men of dismissal on the

recurrence of certain misdoings if sentiment comes into play and on the recurrence they are not dismissed. I am not in favour of the announcement of punishments ; I am in favour of each member of the staff having in his possession a clear list of all the offences which will be punished. Nor do I believe in immediate punishment. Careful hesitant judgment is far better, and the period which elapses is salutary. Late attendance can best be handled by fines. The old system of "missing a quarter" is altogether vicious. The fine can be graded to the amount of late attendance and the distribution of the fines can best be made on the basis, inversely, of the record of late attendances. It is a vexed question if it should be on the number of such occurrences or on the total loss of time. So far as I can discover a combination has proved to be the most successful. Call every late attendance a minimum of fifteen minutes and then divide the cumulated sums inversely on the basis of the total time, or use the sums collected to build up a Benevolent Fund to be administered by the staff. This prevents an undue penalty for one long late attendance. Verbal censures are very difficult to correlate in any scheme whatever. They depend so much upon the individual character of the disciplinary officer. I have found it wise to limit verbal censures to two for any specific offence, calling on the disciplinary officer to make the third occasion a matter for formal discipline. There must be nothing vindictive in industrial punishment. It must attempt to build up character. It may leave a rankling sense of injustice, but no pains should be spared to reduce to a minimum the chance of it so doing. The functional system of management lends itself to safeguards. If no subordinate staff manager or inspector conveys a disciplinary decision without the authority of his superior the chances of personal spite or vindictiveness coming into operation are reduced to a

minimum. But if there is a definite wage-scale, the annual scrutiny before advances are given offers the very best means of making discipline real and enlightened. The whole of the work of the preceding year can be scrutinized. It is salutary that each member of the staff should realize that in this respect all are alike, and that manager and subordinates live equally with this annual estimation of their value as a periodical test. It is extraordinary that in the interest of discipline alone this scheme should not have found more favour in industries generally.

When all is said about discipline the fact remains that hitherto it has been largely one-sided. It has sought for opportunities of passing blame; it has ignored the value of praise or of recognition. There are developments in the educational world which are making praise and recognition into real factors in the development of human character. Perhaps we cannot go quite so far as the headmaster whose plan was to use praise only. The irony of giant industries is that no single officer ever feels that he has done a meritorious thing. He carries through the routine, and that is all. He may be fined; he may be discharged. Of one thing he is certain. He will never be told that he has done well. Under such circumstances it is hardly a matter for surprise that the process of industry has dulled human interest. No one would introduce systematic or lavish praise. Appreciation is a tender flower which soon becomes offensive. But those leaders who are to guide industry efficiently have to learn that praise may accomplish a great deal, if it is awarded generously on the occasion of real merit, and if a proper record is kept of the occasions on which praise is mentioned. The chiefest value lies in the fact that it gives an added importance to silence. The use of silence in administration is itself a subject of great importance. We have dealt with the possibility of

personality impressing personality, but there is a silence which is more than eloquent. When the worker knows that praise or appreciation will follow really good work he will be able to interpret the full meaning of silence. He will ask himself questions. He will diagnose his deficiencies. It is not well for him always to be introspective, but there are occasions when the absence of praise or of blame will lead him to wonder what it is in his work which is "just lacking." The use of silence is the very best means of encouraging the worker to put the last polish on his work. The moral danger of the moment is the danger which follows the doing of work merely to get through it. If we are to get the full benefit to ourselves of the work which we do it is only by the consciousness that it is done well, and that consciousness is only safe when it is brought to us by a judgment from without. Such a method in operation may seem to be harsh. It may seem that the functional "staff officers" must always be scrutinizing work, always have their heads over the workers' shoulder, always be "poking their noses in." This criticism is based on the older industrial methods. The new supervision will be in close touch not only with each operation but with the spirit which inspires the operation. It learns to be psychologically expert and where it should turn to find excellencies or deficiencies. In short the worker himself comes, in turn, to trust to the organization and to be frank in respect of his own performances. If he wants praise—a human need—he must reveal his work. If he receives silence, he understands. So from this method we may gain various advantages and not least the supreme advantage that we are checking the tendency to scamp work and to hide deficiencies.

It is not to be understood that these ideas are intended for application to all industries alike. In so

far as they deal with details it is only so that they may reveal principles. The whole question is a matter of spirit. It is of little use attempting methods of discipline which have not behind them the spirit of human fellowship or corporateship. In Mr. Raven's study of Christian Socialism there is a paragraph which shows keen insight into present needs. "The construction of a sound philosophy of progress demands something more than honest effort or expert knowledge. That is the task of the greatest and the most gifted, of those rare and pre-eminent leaders who combine wisdom and depth of thought with learning and grasp of detail, whose general principles are clear and consistent and yet are the product of experience and minute study." It is this combination of the essential spirit with the minute application of carefully considered detail which alone will achieve the true end in industrial progress. Each will re-act on the other. The recognition of the spirit will continuously amplify and modify the method ; in practice the empirical application of methods, carefully watched and safeguarded, will give new and fuller revelations of the spirit. To adjust one's-self to a conception which seems to be so fluid will call for surrender and for adaptations, and those who look for rigid injunctions and for clear and definite and dogmatic methods of reaching the spirit of fellowship will possibly be disappointed. Still we have learned something if we have made some approach to bold principles. We shall learn more if in the process of the application of those principles we put ourselves in the position of learning.

CHAPTER VIII

THEORIES OF WAGES

IT is hardly a matter for surprise that the phrase "wage slavery" has come into use to describe the wages system. There is some truth in the contention that the worker for a weekly wage in some sense is enslaved ; he is tied to a certain standard remuneration and to that extent is robbed of the initiative which would seem to come from wages which vary either according to ability or to output. It is alleged by the more thorough-going critics that the system of wages re-introduces all the features of slavery short of the actual ownership of the body, in that the employer holds in his hand all the workers' liberties. This, however, is a one-sided statement. The adoption of a highly centralized system of Trade Union representation, whereby wages are fixed on a national basis, is probably more responsible for this feature of the wages system than the attitude of the employer. There have been several revolts against national settlements of wages, such as the various tramway strikes in the summer of 1920 and the printers' strike in Liverpool and Manchester in August of that year. In the latter case the local printers contended that an agreed settlement did not include a consideration of their local needs. To the extent that this imposed upon them a "wage slavery" it was consequent upon the settlement rather than upon any wage system in itself, and their grievance was more directly against their central executive than against the employers. New theories, however, are springing from the sentiment of "wage slavery." There is a contention, not yet definitely expressed, that the worker wishes to be more intimately concerned in the success or the failure of the industry

in which he is employed. The very phrase "he is employed" indicates the basis of this sentiment. He argues that he is no more "employed" by a superior authority than the managing director is "employed." He bears his share of the work ; he makes his contribution. He objects to what he regards as the dominance of one class of work, the direction, over the other. Hence we find various developments of Guild Socialism and the like ; hence, too, we find the general progress of a spirit of protest against the State Socialism of the Victorian age which would treat us all, to use the phrase, as "wage slaves."

These various theories seem to lack immediacy. It is of some advantage to discuss thoroughly such schemes as those of the Guild Socialists, and one might admit that it is in this direction that the ultimate solution will be found. But that does not help us. It is better to analyse the present wage system and to attempt to discover in what way it could be remedied to bring it into more close touch with human needs. It may seem that there could be no more purely materialistic question than wages and yet when we come to consider it we shall find that there are psychological factors which we are bound to take into account. Wages may meet the needs week in, week out, but that is only to accomplish a portion of the task of remuneration. They should meet in some way the natural human aspiration for further advancement as life goes on ; they should give some consideration to the amount of needs, the possession of a family or of family responsibilities and the like ; they should include a consideration of the fact that men may live on the margin, but that there is the risk of death or illness or unemployment to be considered and the necessary provision for them. If we look at wages from this point of view we shall see how lacking was the earlier industrial theory that men should be paid

just what would attract them to work and no more. No one defends that theory to-day. In the attempts at de-casualizing dock labour in London and Liverpool the last deadly blow was given to this theory, for if it would not hold good in the especially variant conditions of labour in connection with international commerce, the capricious arrival of ships and cargoes, the especially wide variations from day to day of the demand for labour with its concomitant necessity for a labour surplus in reserve, the theory would not hold good anywhere.

We may take it that a basic minimum wage is essential. Whatever views we may hold as to wages depending upon output or skill or zeal no one believes that the sum total of wages should depend upon individual merits. Various kinds of profit-sharing have attempted to meet this difficulty and not altogether successfully. The wrong of profit-sharing is that when it deals with a comparatively small sum over and above standardized wages it includes also a relatively small amount of the total profit. Further it only seems to succeed in those cases where an industry is already a stable success, and it is just in those cases where an industry needs every man's loyal help to become a stable success that it is most needed. Again in the form of distributing bonuses or of distributing bonus shares it has the disadvantage of introducing personal rivalry against which there are strong natural prejudices and the workman who finds himself the possessor of "bonus" shares begins to wonder if all that he had been told about capital investment is not thus disproved. Yet it would be too much to say that we have learned nothing from co-partnership. As a matter of fact we have learned much ; it has had a bigger influence than is generally supposed, especially in France, and the recent legislation in France which provides for the inclusion of a board of workers as part

of the management has arisen from the desire to make co-partnership into a real co-partnership. Though it may be said that this legislation has not yet borne fruit, yet it is significant that there is less disposition in France than in any other country for the workers to attempt to "seize" industries and to demand the expropriation of the capitalist. Thus it seems that it might be possible to adapt what is the characteristically English method of co-partnership so that the workers would feel not that they are receiving a bonus thrown to them from above but that they are a living part of the organism which is able to distribute the bonus. It is easy to say this in general terms and far from easy to define how it should be done. Probably the best way, so far as experience has shown, is to have a workers' committee on the lines laid down by the Committee on Industrial Councils, and that this committee should be fully intimate with, though not necessarily in part control of, the main operations of the Company and that it should take a percentage sum for collective distribution. This distribution is important. There can be no doubt that some of the difficulties in the way of co-partnership schemes have arisen from the suspicions which have been raised by individual distribution. The management has been under the prejudice of the suggestion that it is attempting the old Imperial tyranny of *divide et impera*. We have been unnecessarily afraid of our united staff, and that has been largely due to the fact that we have not realized the value of the Group-mind in fostering the spirit of enthusiasm and mutual loyalty. There can be little doubt that in the sound management of an industry in which a system of co-partnership is included the distribution of whatever sum is to be distributed—preferably a sum reached by mutual consent, having the duty to shareholders, depreciation, further needs of capital, remunerations of managers, etc., well in

mind—must be carried out by the staff in its corporate aspect. The most successful co-partnership ventures have placed this in the foreground.

Even so, as a final solution, all difficulties are not removed. It is to the advantage of the stronger industries. The struggling unit industry will find it hard to rival the stable successful industry and men may be attracted away. It is doubtful if it will be a boon to the public at large that the larger the industry and the nearer it is to monopoly the more it will find itself able to allot a considerable bonus for collective distribution and thus the more it will attract the best workers. There can no be doubt that this disadvantage points in the direction of Guild Socialism, where the industry as a whole, including both weak and strong units, will be the collective basis for distribution. The ordinary evolutionist might say, "Let the weakest go to the wall," but in the case of industry it is not necessarily the wise course, for there are many small and comparatively weak industries which need to be preserved, as the contribution which they make to industry at large is generally marked by an outstanding characteristic which it is worth while to continue. Possibly there may be some means of overcoming this difficulty by a frank recognition of the value of the second-grade worker, and it would be of far greater moral value to the community to encourage this type of worker than to place him at the mercy of the rigours of competition. It may be that these smaller industries will be developed in places where the cost of living is less so that the real wages are better than the nominal wages. However, there are other factors which enter into the consideration of the theory of wages. The traditional conception of wages at the basic minimum lives long. It robs the worker of security and this is the greatest of the stumbling-blocks in the way of intelligent reform. It is easy for

the economist to prove to the worker that increased production is the one necessity and that wages should be so based as to encourage such increased production. But the individual worker, while he may be impressed by the economic arguments for increased production, is always aware that in his own particular case it may be to his disadvantage. It is not easy to inculcate the conception of "the long run" and we need some theory of wages which will give the worker not merely his immediate wages but some vista of tangible interest in the future. It might seem that this can best be done by an adaptable scale and this shall be considered at a later stage. It is certain, however, that wages must include some possible provision in case of unemployment. At the moment unemployment insurance is regarded as part of the responsibility of the State, but there is good ground to believe that it might be better if it was a charge on the industry. Thus the workers collectively could realize the economic value of the surplus labour fund while that fund should not be established and continued at their loss, and on the other hand something might be done to remove the idea that increased production of necessity will throw labour on the market.

In other respects it seems to be fairly clear that a portion of the remuneration of the worker will have to reach him in ways other than that of direct payment. An interesting experiment is being made in Australia. There can be no doubt that there is a fundamental difficulty with uniform wages whereby the worker is paid at the same rate without respect to his responsibilities. Sooner or later the increased employment of women will bring this into the foreground. Equal pay for equal work is only part of the story. If it were granted it would bring with it more evils than it would remove. Again, there is something unsatisfactory in the present general method whereby the

boy just out of his apprenticeship receives a man's full wage. The proposal in Australia is to pay each worker the individual workers' rate, arranging then for a fund for each industry out of which additional bonuses can be paid for each of his children. This is another aspect of payment outside of personal payment and it is an aspect which merits careful consideration. It certainly does seem that only in some such way will it be possible to cope with the fundamental problem which will arise if women should succeed in obtaining the same basic remuneration as men.

There is still another aspect of the wages problem. There can be little doubt that one of the most disturbing features of the present wages system lies in the fact that it does not provide a margin for a "rainy day." It is hardly a matter for surprise that the representatives of labour in England, in the memorandum which they issued during the war, should have ventured on a pointed assault upon the Industrial Insurance system. That assault was part of the general aim at nationalization of insurance, but altogether apart from this issue we may well wonder whether group-insurance as portion of a method of payment has been carried as far as might reasonably be possible. It might be possible for insurance companies to arrange the block insurance of large numbers of employes both against death and against illness, and thus to remove the cloud of the "rainy-day." There is another aspect to this. If Mr. Hobson's theories of under-consumption are right there is much to be said for encouraging the workers to live up to their incomes by inculcating a more worthy type of expenditure. Obviously this can hardly be done with basic wages unless there is reasonable insurance against catastrophe. It does seem that the preaching of thrift, as commonly understood, is not without its disadvantages. A study of a mining district under relatively high wages conditions

has proved that the increase of wages has not brought with it a qualitatively improved expenditure. It was the case in Birmingham during the war that increased wages went in better boots for the children, better education—or, at any rate, education on a better social level—and amenities for the household. No one could say that this was other than wise expenditure, that it was other, in point of fact, than a sound investment. There is reason to believe, however, that this has not been generally characteristic of the districts where increase of wages has come. It would seem that men (and indeed households) who have lived long on the margin have acquired the habit of living on the margin. They find it difficult to expand, and what we might call expansion is frequently indicated by the foolish adoption of extravagances on the one hand and the retention of the old narrowness of life on the other. It might be the case if we could so arrange that industrial wages were net wages, after provision for unemployment, illness, death and other catastrophes, that we should find a veritable expansion of life all through, and that—if for the moment we accept Mr. Hobson's theory—general prosperity would follow the increase in the consumption of what the general consent would regard as the worthier goods.

There is still another aspect of this question of security. It will surprise most readers to learn that discipline in Government Departments is more rigorous than in private employment generally. Security of tenure may have its disadvantages from the point of view of the character of the worker; it has positive advantages from the point of view of discipline. The risk of losing a pension is a grave risk. The present pension system in the Civil Service merits the careful attention of employers. Theoretically the deduction amounts to about 15 per cent, but the employe benefits by a pension scheme which gives him

a lump sum at the end of his service equal to $\frac{x}{30}$ of a year's salary, where x is the number of years of service, and a pension equal to $\frac{x}{80}$ of a year's salary per annum.

This arrangement is of more economic importance than is usually realized. It makes the Government servant map out his life as a whole; it robs him of some anxiety as to the future. Then it is based upon a scale wage system by which the wages increase year by year subject to good conduct and to passing a standard of efficiency at various points. It will be seen that it meets some of the theoretical needs which we have laid down. It is not a matter for surprise that railway companies, banks, and insurance companies should have adopted a scale wage system with pensions and retiring allowances based upon much the same principles. They find constancy in their staff; they obtain service based upon a lifetime's career, and it is probable that the sporadic discontents, sometimes having a volcanic effect, which are known in industrial circles are never likely to be experienced where permanent service of this type has been adopted. There are disadvantages, of course. The long scale is apt to be monotonous and in several Government Departments it has had to be modified. Possibly, too, it lays too much weight upon seniority in respect of promotion. It is a singular fact, however, that no body of Government servants has asked for the abolition of the scale wage principle or is discontented with the principles of the pension system. There have been discontents with this or that feature of the scale wage, such as the amount at this or at that stage, but the principle of scale wage has been recognized and accepted for many years.

Here it seems that several bold features appear,

which are necessary to a sound wages system. There must be a basic wage which is sufficient for ordinary needs in the appropriate grade of life. Over and above that there should be some kind of collective sharing in profits, sufficient to be appreciable, probably graded according to length of service, but always graded with the consent of the representatives of the staff. There should be some method of indirect auxiliary remuneration. We may not yet reach, for industry at large, the Australian method. Sentiment makes the family the economic as it is the social unit. Sooner or later we shall have to face some system of providing for variant responsibilities of the workers in private employment, probably in the direction of the Australian proposals. Added to this there will be auxiliary aids, which will yet be an actual portion of remuneration, such as group insurance and the like. There is a psychological as well as an economic value in this method. It will bind the workers together and the days have long gone by when the employer will be afraid of such cohesion. But it is necessary that wages arrangements should be kept altogether free from any suspicion of welfare. The exact cost should be known to the staff under each heading so that each member of the staff can correlate his remuneration into terms of actual money and also compare his total remuneration with that of the total remuneration in other industries where fewer auxiliary methods of payment are in use. We are not stating systematically what should be done, but rather we are groping forward towards principles which should underlie a doctrine of wages. There is no uniform system applicable equally everywhere, but for all that there are main principles which can well be considered in the application of theories of wages to any particular instance.

CHAPTER IX

WELFARE METHODS

THE consideration of the welfare of the workers should hardly have needed a European War to come into the foreground. It seems to be a curious fact that from the days of the Manchester school of economics until the necessity for a vast stream of munitions in 1915, though employers did often regard the welfare of their staffs, and though many have been criticized for having too great a regard for that welfare, yet the idea of skilled welfare supervision did not appear. The answer is that even yet the idea of professional regard for welfare is viewed with instinctive aversion. There is something in it of the nature of shedding responsibility. The "gift of intimacy," which has been described as the most precious gift which a controller of an industry can have, is hardly used to its full value by the employment of a couple of trained women welfare supervisors. There is a limit somewhere to the idea that everything must be done by means of professional skill. There is a necessity somewhere for the operation of the ordinary impulses of the human heart. If charity is organized with the most perfect skill, without the wastage of the fraction of a halfpenny, thoroughly efficient in all its operations, it does not necessarily mean that it is love. It is quite true that in respect of welfare supervision the women who are trained have entered into the spirit of it with commendable zest. I know cases where their work is being done with a depth of human affection which is remarkable. That, however, is irrelevant. The fact is that it is being done vicariously. It is a substitute for monitions of the heart and the conscience which it

would be far better to allow full play in the breasts of those directly responsible for the industry.² It may be said that in this I am arguing in violation of the central principles of functionalization. To say this is to misapprehend the point. I would welcome welfare supervision as part of the control of the industry for which the management is just as responsible as any other part of the control. I object to it altogether where it is a more or less detached function, where management points to it as a separated luxury, "Oh yes, we have welfare supervision—there it is!" If there is to be welfare supervision at all let it be regarded as being just as vital a part of the management as the purchase of raw material or the final sale of the goods.

This last sentence, worded hypothetically, may seem to indicate that I have a doubt whether or not welfare supervision should exist. Frankly, I have. There are certain features of caring for the staff which I think would at once be adopted by intelligent management. The workrooms should be attractive, decorated with thought and care, airy and light. There should be proper retiring rooms, equipped rather above the social level of the staff, especially if the staff consists both of men and of women. There should be specialized and readily available medical attendance not merely for the purpose of detecting malingering but to have expert advice on every aspect of the work which may affect the health and efficiency of the staff. As regards hours and absences for meals, these will be fixed by co-operation with the staff. If there are special risks, special safeguards, such as systematic tooth-cleaning or the provision of suitable gloves or overalls, will be an essential. So far as anything further should be done it is by no means an easy question to decide. There have been successful industries which have provided housing, dramatic societies, choral societies, gardening societies, churches,

and the like, but I am not at all sure that such extraneous enterprises are part of the task of management. Indeed there is good reason to believe that the "benevolent employer" of the Victorian epoch was by no means an unmixed good. The central task of management, as we have seen again and again, is to develop the corporate spirit. One might choose another word and say the "initiative" spirit. In so simple a matter as the provision of meals on the premises I am inclined to think that more good is accomplished in the end by allowing and encouraging the staff to do it by means of an elected committee than by attempting it as part of management. In truth in this respect I am nearer to the ideals of Scientific Management than to the ideals of the benevolent employer. Mrs. Gilbreth in her book *The Psychology of Management* seems to me to express it admirably—"There can be no doubt that an enormous quantity of good has been done by this welfare work, both positively, to the employees themselves, and indirectly, to the management, through fostering a kinder feeling. There is, however, a flaw to be found in the underlying principles of this welfare work, and that is that it takes on more or less the aspect of charity, and is so regarded both by the employees and by the employer. The employer, naturally, prides himself more or less upon doing something which is good, and the employee naturally resents more or less having something given to him as a sort of charity which he feels his by right. The psychological significance of this is very great. The employer, feeling that he has bestowed a gift, is, naturally, rather chagrined to find that it is received either as a right or with a feeling of resentment. Therefore, he is often led to decrease what he might otherwise do, for it is only an unusual and a very high type of mind that can be satisfied simply with the doing of the good

act, without the return of gratitude. On the other hand, the employee, if he be a man of pride, may resent charity even in such a general form as this, and may, with an element of rightness, prefer that the money to be expended be put into his pay envelope instead. If it is simply a case of better working conditions, something that improves him as an efficient worker for the management, he will feel that this welfare work is not in a sense something which he receives as a gift, but rather something which is his right, and which benefits the employer exactly as much, if not more than it benefits him." It is in this strain that M. Gide quotes from the worker of the Pullman Company, "We are born in a Pullman house, fed from the Pullman shop, educated in the Pullman school, catechized in the Pullman church, and when we die we are buried in the Pullman cemetery, to go down to the Pullman Hell." More than thirty years ago some of the coal-mine-owners of Lancashire financed an evangelist for the good of the souls of the colliers, and one of them said, "I am easy in my mind while these fellows sing hymns." The benevolent type of welfare work has the disadvantage that it never appears to be disinterested.

Yet the new management will not be blind to welfare by any means. It accepts a bigger responsibility than the old management, the responsibility for helping its staff to co-operate with the management, for cultivating their minds and characters so that this co-operation may be real and intelligent. Scientific Management is right when it declares that the only welfare work should be done through management, it is wrong when it includes in that welfare work such things as physical exercises, which can certainly be provided by the men themselves. It is here where we come across a useful distinction. Play is the best preparation for life. Human nature regards the play

in childhood as such, as being, in fact, an imitation of real life. In the public schools play is the best training of character. The cricket match teaches fine subordination and true co-operation. Now it is all to the good that employes should play, but they will play more efficiently when they organize it themselves. Whatever the play may be, from the drama to football, the management will do well to content itself with passive encouragement. It may provide the ground or the hall, but even then it will look all round the question. It will not forget that there are advantages from the staff spending their leisure hours with people from other industries. There is a real danger from the close corporation. An employer well-known for his benevolent instincts always preferred to build houses for his workpeople as part of the town, rather than found a model town. "I want them to be citizens," he said, "and to help themselves." He proved to be right. He had an opportunity later on of assisting their building society—but it was theirs. They arranged the sports, the concerts, the philosophical society, the library, the university extension lectures. He watched with apparent passivity, seeing all the time his own ideas coming to fruition, but no one dreamed that they were his ideas. All the time his staff, unwittingly, were preparing themselves for the greater task of co-operating in his industry. This they did with zest, for they came to it as free citizens. He had conferred on them the greatest boon of all, the sense of freedom. I have never known an industry managed with such a closeness of mutual interest. In respect of the management it had every modern device, but it kept so-called Welfare Work at arm's length. In one respect only did he make a concession. He asked to be allowed to endow a Welfare Supervisorship and he placed a lady with all her experience frankly at the disposal of the staff to guide them in their schemes.

I am inclined to think that this is the nearest solution which I have found to the welfare problem.

The truth is that the new management will have to break away from many old traditions and, first and foremost, from the tradition that employes are humble servitors. The idea dies more hardly than we suppose. There is some truth in Mr. Cole's reiterated suggestion that though we thought we had abolished slavery yet by the retention of wages we retained all the features of slavery. It is not necessary to leap to Guild Socialism to get rid of this conception, but it is an imperative duty to get rid of it. Once we realize that we all are colleagues, or co-workers, many of the difficulties are at once smoothed away. It does not mean that the chief director will be hailed by his Christian name or that the whole body of discipline will come to pieces. On the contrary the group-mind will assert itself. There will be such a tribute of respect to the chief manager as he deserves if he runs the industry with such efficiency that every soul connected with it will feel his inspiration. In short, the present need is for more and not for less direction from above and the question for management to decide is when it is wise and when it is not wise to give that direction. It is this attitude of what we may regard as confident expectancy which will frequently come to the assistance of management. It will not sit on a lofty pinnacle looking down upon the workers. By means of some such organization as that which we have described the higher management can keep in the closest touch with the staff.

In no realm more than that of welfare is this attitude desirable. The fundamental principle is that the true following of welfare is anxious first of all to develop character, and it knows that everything which is done for the staff without active and living co-operation from the staff sooner or later will deteriorate

character. Too often we have conferred upon men and women every possible boon except freedom, and it happens that it was just freedom which they demanded. Parents have made the same mistake. Employers, of whom to-day it is not too much to say that they stand *in loco parentis*, have handled large bodies of individual workers without realizing that they have grown up. I know that it will be said that this contention runs counter to evidence given before Mr. Justice Sankey's Commission where it was asserted against coal-owners that they had neglected the housing of their men. Perhaps it was a true accusation against the owners, but at any rate it might be replied that a co-operative effort on the part both of owners and of miners would have shown greater earnest of success than any merely eleemosynary act on the part of the owners. I am in touch with a colliery owner whose bitter regret it is that he erected cottages for miners. "They regard the houses as portion of the hostile institution," he says. That is precisely the spirit which should have been thwarted at the outset if the dwellers in the houses were to appreciate them as being in some sense their own. As matters stand to-day the workers are suspicious. Every act of welfare, no matter how benevolent, if it comes from the master's side, is regarded as part of the policy of cutting wages. The long traditions which have come to us from the Truck Acts have had a very definite influence on the minds of the workers, and as the psychologists now tell us, these long traditional ideas die hard. The well-intentioned employer who thinks that he can start fair is living under a delusion. Those for whom he conceives his benevolent ideas will look them through and through and possibly see some scheme beyond them which he never intended. It is far better for him to be contented with humbler achievements, and to let his people fall back on Chaucer's excellent

advice, "Come to thine own aid." He will have many opportunities of suggestion and of education. He will have many opportunities, too, when the schemes come near fruition, of making very real contributions to their success, and with a much more hopeful prospect of success. He will not have the gladness of being a benefactor, but if he is thoughtful and far-seeing he will be able to realize that he is in the proud position of being one of a company of mutual benefactors. That way lies definite progress, not dependent upon the goodwill of any one person. There is nothing more pathetic than the debris of well-intentioned schemes. There have been industrial garden cities which are now in ruins and all because they were based upon one good man's goodwill and not upon the broader basis of everyone's goodwill.

In this delicate question it is not right to quote instances. As yet welfare is in its beginning. No one can say honestly that various schemes of which we are aware, successful though they have been, are likely to be suitable to the new industrial conditions which are coming upon us. The worker, sooner or later, will claim that in respect of his house and his garden, his church and his choral society, he wants to be a free man. Sooner or later he will learn to be a free man. Sooner or later in every industry there will be an elected committee to look after welfare, contributing to it with a knowledge of needs which no employer could possess. Until that day comes we had better be patient. The employer who says that his people have not sufficient initiative or corporate life to carry out schemes for themselves would be well advised to ask himself a few questions as to the management of the industry itself. He will probably be startled by the answer. Blood is thicker than water—even industrial blood. If the workers prefer other men for their leisure companions, if association in industry have not

aroused gregarious instincts, if there be no common bond bidding them unite in sport or play, then the corporate life of the industry is at a low ebb. I have said that there are advantages in workers meeting with other workers in their leisure. The fact is undoubted, but it does not annihilate the other fact that the natural stimulus should be towards some concord or fellowship or mutuality of aim as a resultant of their common industrial endeavour. The group-mind will tell in the end, if it is not hampered and distressed by methods of administration which foster injustice, which mitigate the sense of unity, which prefer to confer favours rather than to cultivate the spirit of initiating self-directed remedies.

All this does not remove responsibility from the employer. It does not encourage him, Pilate-like, to stand before the multitude and wash his hands. There must be no aspect of welfare of which he is not cognizant. He must be eager in search of ideas ; Blue Books and reports from other countries must be familiar to him. It would be well for him if he became the repository of information, ready to tell his people how libraries could be established, the story of choral societies and dramatic societies connected with other industries, the outline of desirable Welfare methods within the industry itself. But one rule he will lay down emphatically. The first impulse—apart from the type of immediately necessary Welfare which has been mentioned—must come from those whom it is intended to benefit. It is not easy to be the inspiration without being the moving cause, but this is to be the aim. Any other course of action will lead either to neglect on the one hand or on the other hand to a benevolence which is regarded with suspicion. Once the stimulus comes the task is easy. The sense of corporateness has found itself. It will live and it will grow.

CHAPTER X

WORKS COMMITTEES AND WHITLEY COUNCILS

THE centralizing tendency of the Trade Unions, to which reference has already been made, brings with it many disadvantages. In recent months those disadvantages have been made abundantly clear, and there have been several local protests against centralized action. The tramway workers in several towns and the printing workers in Liverpool and in Manchester made a protest which gave rise to conflicts which occasioned grave inconvenience to the public. In fact, it appears that national settlements open the way to all sorts of difficulties and it has been pointed out again and again that there is a need for local machinery to enable local industries to represent their special conditions before a national agreement is made. The Sub-Committee of the Reconstruction Committee (commonly called the Whitley Committee) made recommendations in 1917 which provided for "the establishment of local and works organizations to supplement and make more effective the work of the central bodies." Thus the National Industrial Council would not be complete in itself, but a triple organization was established to secure the mutual consideration of all questions on three different ranges, (1) the workshops, (2) the district, (3) the nation. The width of scope which was intended can best be realized from a summary of the subjects which would come within the purview of the local committee—the better utilization of the practical knowledge and experience of the workers ; the securing of a greater share in the determination and observance of the conditions of work ; the establishment of regular methods of negotiation, methods of fixing and

adjusting earnings, technical education and industrial research ; the consideration of new inventions and improvements of processes. Such committees have been established on a wide range. In practice they differ considerably. Some are no more than the old conciliation boards. Others are used both by employers and by workpeople as a means of interchanging ideas and of coming to an accord in respect of ideas. Others are used—always under the final control of the employer—as a sort of administrative machinery ; the employers take the Committees into their full confidence as to the costs of production, the progress of the industry at large, and, in short, use them as a means of communication to the staff especially as regards changes which it is proposed to introduce. Within these limits there is room for various interpretations of the Sub-Committee's intentions. We have already seen that Professor Jenks maintains that the Whitley principle is based on the continuation of the present economic system. In a sense that is probably the case, but on the other hand the present economic system is much more fluid and adaptable than is generally understood to be the case. There are different applications of the system, some of which seem to be in violation of what would have been regarded a few years ago as its central principle. There is the system described by Professor Harry Jones as being in force on the Clyde whereby the workers contract collectively to give their services for a certain total sum ; there are other methods of collective payment such as the group system in the Belfast shipyards ; there are the many co-partnership schemes ; there are bonus systems and there are other schemes, under consideration if not actually in practice, whereby the total sum distributable to the workers—we avoid the word "wages"—is balanced with the sum distributable to the shareholders. There is the

legalized system in France which provides a separate labour board to control the industry on its labour side parallel with the financial control by the Board of Directors. There is the arrangement, not yet fully described, which is in force in Italy whereby the workers are co-opted in the control. It includes the choice of two workers in each industry to supervise the directorate, to examine the costs of production and of raw material, and the "profits." It has the primary disadvantage of making the two workers into critics without constructive responsibility. Still, it is true to say that all these systems graft themselves more or less readily into what is called the "present capitalistic system." As a matter of fact; it can be said that nowhere is the strict "capitalistic" system in force, by which we mean the unrestricted domination of labour by the owner of the industry. The interference of the centralized Trade Union is, in itself, a modification of that domination which has had a revolutionary influence. There is no reason why Whitley or Works Committees should not function quite successfully in industries varying widely, so that it is only by a stretch of language that they can be said to be a device for continuing an economic system whereby it is presumed that profits are secured first and wages are subsidiary. As a matter of fact these Committees do function and function successfully in industries of all these variant types, and it is significant that the French and Italian developments provide for something very similar.

It is curious that in America the expectation, as expressed by some friendly critics, is exactly in the opposite direction. A carefully written article in the *New Republic* claims that the Whitley system "should contribute to the building up of a spirit of mutual understanding and personal confidence strong enough to make the transition to bargaining with labour

unions a normal and a natural transition in which all values are retained and others added." In England the bargaining came first, and the Whitley Committee came into being because that bargaining did not and could not cover the whole ground of local conditions and because it was evident that the cultivation of "the spirit of mutual understanding and personal confidence" might lead to intelligent co-operation altogether apart from any question as to the future form into which the control of industry might develop. It is at this point that most of the criticisms have been beside the mark. The extremists on the Labour side argued that the Whitley System was a capitalistic trap to further the domination of Capital. They saw no prospect of the Whitley Councils leading either to a joint control in which Labour would have possibly a predominant share, or to some general abolition of Capital which would leave Labour in sole possession. In this it is probable that they were right, but only to a certain point for the Whitley principle might contain the germs of a development which, not by violence but by ordinary evolution, might transform the structure. This was clearly seen by the American critic whom we have quoted. The employers, he says, "are creating machinery in the operation of which the workers will inevitably come to see how closely their destinies are linked up with problems of tariffs, sources of raw material, unit costs of production and all the other elements." This cross-fire from both sides probably leaves the Whitley Committees in a comfortable middle position. One might add that if the workers come to have an intelligent knowledge of unit costs "and all the other elements" it will be to the advantage of efficient administration to attract their respect. The truth is that the Whitley scheme does emphasize what may be called the interests common to both sides and that it is high time that those common

interests were emphasized. To this extent it will infuse a new spirit into organization and to do this is the most effective change of organization, far more effective, indeed, than a mere change in form.

So far, in practice, while many such Whitley schemes have been adopted there is not much to show by way of result. This may seem to be a despairing judgment, but where the Whitley schemes have shown signs of success it has been chiefly where they have succeeded in changing the spirit. Certain critics ask for results in the shape of immediately increased wages, or in the shape of a "dethroned Capital," as they would say. But in the estimate of values it is probably of more importance that a spirit of mutual understanding should have grown up to take the place of that spirit of conflict which has had free play for so many years and has reached its crisis. As this understanding grows there is practically no limit to the functions of the Committees. "If such a committee," says Professor Harry Jones, "is able to show that it could perform a specific service more effectively than is already being provided, not only would it be justifying its claim, but the firm would naturally, in its own interests, if for no other reason, delegate that function to the committee." Professor Jones need not have stated this hypothetically; already there are cases in which Whitley Committees have given real and appreciable help to the management of an industry. It is, in fact, very probable that if anything of the nature of an "association of producers" is to be brought about, with the additional advantage of having the ripened experience of capitalist management and direction behind it, the Whitley system seems to show the way. We forget how nearly the "associations of producers" of the Christian Socialist period came to success. Kingsley and Maurice are said to have failed, but Mr. Raven has shown clearly that causes

outside the Economics of the movement, such as religious bigotry and the national danger, were predominating influences. The associations were struggling against formidable rivalry ; the Whitley principle indicates a way by which it might seem to be possible for the producers to be associated, in effect, without the struggles for Capital on the one hand and against Capital, on the other hand, which characterized the earlier movement. At any rate the prophet is perfectly safe when he says that on the basis of mutual understanding and mutual contribution of thought and of experience we are building upon a foundation the like of which industry has never hitherto found. Trade Unionism is now a great factor in the corporate life of the nation. It can claim its interviews with the Prime Minister: it can shake the foundations of national confidence. Yet it can be said that to the thoughtful man there is something disturbing in the idea that all the thought and interest of the worker should be devoted to this highly-centralized end. There is something wrong when the intelligence and the interest of the workers do not find some channel into the industry of which they are so vital a part. It is said that machinery robs them of detailed interest. Critics, as we have seen, make much the same charge against Scientific Management. In no inappreciative sense, certainly from no idea of hostility to the function of Trade Unions, it may be suggested that they have over-absorbed the interests of the worker and that they have largely directed his life-aim so that he views his work almost solely from the point of view of self-interest and thus falls into the very sin of which he accuses the Capitalist. This needs saying, hard though it may appear to be. Nor can I say that I am impressed by the argument that if the worker is to be interested in his calling he must be given a share of the profits. I do not believe that his thought and his interest are

to be purchased in this crude fashion. There is an inverse side to the "wage slavery" picture. Though we might all agree that a living interest in the success of the industry might be fostered by some share in the proceeds yet it should be remembered that there are many industries which pay the standard wage and yet do not pay the market interest on the capital. In this case the shareholder suffers from "profit slavery."

After all there is a spiritual value in industry and in association. It may be true, to quote Professor Harry Jones again, that "it is felt with increasing strength that the 'spiritual' value of industry as an 'institution' is insignificant in the case of wage-earners, whose work in most cases provide little or no opportunity for self-expression." There can be little doubt that in a vague way this lies at the root of much discontent. The Works or Whitley Committee seems to offer some means of allowing for this self-expression. One can quite understand an industrial worker yearning to be a manager and feeling, at his dull round, that he has the equipment for management. Mis-applied education has often emphasized this type of discontent and it is a prevalent type; true education—*educo*, I lead art—might emphasize the corporate spirit of mutual contribution and lead such a worker to take his share, probably in some cases a prominent share, in the work of management so far as the inspiration of management fell within the scope of the Works Committee. It would be a salutary training. In many cases it would be a valuable experience, for it would reveal difficulties of which the self-imagined manager is unaware. More than that it would do something to encourage the constructive spirit. If the Works or Whitley Committees at this early stage content themselves with an attempt at cultivating the constructive spirit, at building up in individual industries a method of representation of interests which will be wide in

its vision and far-seeing in its ultimate scope, they might do more for the workers in a comparatively short space of time than all the fierce extremists with their destructive theories. In this sense they will not restrict themselves from the adoption of any ultimate scheme in particular, but they will realize that only by efficient partaking in the schemes as they are at the moment and only by such intelligent fulfilment of function as will justify the extension of function will they be able to press towards a wider scope in the future. We are at a cross-roads in the history of industry. As we have seen, Management has to change its methods. The collective consciousness of all concerned in the industry will be the spirit of the organism in the future, and the collective consciousness needs harmony for its efficiency. There is no limit to what can be done if there is the true spirit of association. That we cannot fashion a new framework for the delicate task of controlling and directing industry is beyond question. There are some structures which must be erected, stone upon stone, without a fixed determinate plan. There can be no architect for social organisms. They grow and at times the growth is otherwise than in aspect. It is in this spirit that the new Works Committees should be handled. They should be trusted and encouraged. They should be allowed to show their fitness for other and more important functions. Stunted and thwarted they will die and the discontentment and disappointment which will follow may bode ill. But worked as evolutionary beginnings they will permit men on both sides to see new aspects of their relationship with their fellows, to learn new responsibilities, and to face the future as a smiling dawn.

CHAPTER XI

THE EVOLUTION OF MANAGEMENT

IT is not always practicable to establish in its fullness such a scheme of management as we have outlined in these pages. A subtle danger lurks near to all such schemes. It is the danger of forgetting the infinite complexity of human nature. It always seems as if the only infinite complexity to be remembered is the infinite complexity of the human nature of the associated staff. The fact is that all of us, whatever position we may hold, are ourselves infinitely complex in mind. Subtle prejudices which we are unable to appreciate lay a heavy hand upon us. Our mental make-up has much of the past in it. We face our duty of management with elements of the old autocracy still operating in our mind. Sometimes when we believe that we are adopting new principles it is with such a retention of old principles that they have become the warp and woof of the new principles. It is for this reason that all new schemes of human relationship bear with them the seeds of disappointment. We turn, for example, from autocracy to democracy and we are grieved and saddened to find that all problems have not been solved as we had hoped. The truth is that we have turned to new ideas with much of the older ideas still dominant in our minds, and our disappointment is with something which after all is not much more than an admixture of the old with the new. It may perhaps seem that this is arguing that no scheme or system in itself will succeed. To a certain extent that is the case. In themselves schemes bring disappointment and there is no reason to think that co-ordinated management

will be exceptionally successful. Mr. Lippmann made an incisive remark when he said that the difference between science of the past and science of to-day lay in the criticism which we apply to it. "The power of criticizing the scientific mind is, I believe, our best guarantee for the progress of scientific discovery. This is the inner sanctuary of scientific discovery. For when science becomes its own critic it assures its own future. It is able, then, to attack the source of error itself, to forestall its own timidities, and control its own bias." The Science of Management must be a science which at every stage we criticize and test or it cannot be a science at all. We must grope towards it with a faith which is as sure as it is timid. It has no really sure ground. If experimental psychology began, as Mr. Lippmann would suggest, by two astronomers who failed to agree as to the results of the observation ultimately finding that the difference lay between the operation of their minds we shall do well to watch carefully lest our new science of management fail by reason of subtle prejudices in our own minds.

It has to be remembered that from the outset it is to be an art as well as a science. Whatever we know we are putting into practice. As de Tocqueville said, the most dangerous moment for a bad Government is that in which it begins to improve, and so the most difficult moment in the evolution of management is that in which it attempts to adapt itself to new conditions. We can see the need for a change, logically and intellectually, but we have learned from history that there is an inertia of feelings and of emotions, and that just as a patriotic instinct kept the Greeks from extending their love of humanity to the barbarians, so there may be fine and worthy instincts which must change slowly to meet new conditions. More than that we are putting into practice some theories of which we are

not at all sure. We are presuming on our science. It is easy enough to build up the framework of a new method of management: it is altogether a different matter to fill that framework in with a worthy structure. The one sure fact is that individual domination, without scientific study, will be of no avail. He cannot always be right. He cannot hold in his mind all the points of view. He can learn from everyone in his employ, if he chooses to learn, just as Sir Walter Scott could learn from the stone-breaker. Initially, therefore, the new management is humble in that it knows how much there is to learn and from how many it can be learned. In fact it is a systematic learning to control—a continuous process. “To every man,” says Mr. Graham Wallas, “as he is born the personal conditions of a happy life are different, and they are changed by everything that happens to him from without.” In such circumstances how can we dogmatize? Yet this very fact must lead us to grope after some science and art of management which has a respect for human nature other than that idea of the crude old management which regarded men and women as “hands.” Whatever may or may not be right, assuredly that is wrong. We set out for a new method hopefully enough, but perfectly certain through our hope that the conditions differ so much in the various cases and at the various times that our quest will find stupendous difficulties in the way. At any rate we have a worthy aim. We are determined to find some means whereby there will be “an atmosphere free of hostility and resentment,” whereby we can put “the most rigid of hard labour in a new environment.” With such an aim failure is by no means a reproach, but for all that we have to watch critically lest by taking a wrong or a presumptuous step at the outset we invite failure.

Be it remembered, too, that we are to deal with a human organism, the most complex of all organisms

and the least understood. It is made up of individual minds each of them complex and mysterious. It suffers from the infection of emotions, and this infection is little understood in its operations and often has exercised its full sway before its work has come under notice. In the mass it is more sensitive than any of the individual minds which go to its making. It can be swayed by a simple emotion coming from the least likely source. It can make a quick response to such stimuli, but in many cases it is capable of a slow sullenness which is the most difficult of all its occasional characteristics to handle. All this may seem to be said under the presumption that the management is a passive spectator. In the past management has contented itself with this rôle and has frequently plumed itself on being a passive spectator when, in point of fact, it exercised a very real and not altogether a healthy influence. I knew a case of a cotton factory in the days when the Factory laws were in their infancy, the owner of which prided himself on his passive attitude to his staff. He knew none of them, he said, and they knew nothing about him save the knowledge which they might gather from their pay envelopes on Saturdays. As a matter of fact they knew him amazingly well and many of his inner thoughts were as well known to the staff as if he had shouted them on the house-top. As time has gone on this human organism has become more and more sensitive. Its instincts have become sharpened. This has not been caused by improved education or by improved labour organization. It has not been the work of the demagogue, hatching discontent. Rather it has been due to the fact that industry itself has become more closely organized. There is a psychological result, of which we little dream, from the close organization of industry itself. While we have had an anxious moment lest it should narrow the mental processes—and there

was much occasion for our anxiety—we did not realize that it had formed a more compact collective consciousness, more sensitive to impressions, more responsive to the flow of emotions, more amenable to leadership. Thus we have good reason to hesitate before we jump to the conclusion that a method at which we arrive is a perfect method, ready to be introduced at a moment's notice, in its sum total. We might learn much from the sciences in practice. Wireless telegraphy, which we may take as a convenient instance, is probably the most striking of recent discoveries. The lay-mind looks upon wireless telegraphy as a method of communication which can be conducted at all times and in all places, whereas the expert knows of difficulties which are as yet unsurmounted. He knows that there are "atmospheric" and other interruptions, of which he knows practically nothing, because he knows sufficient of his science to be able to realize his ignorance. The new science of management should begin with the clear vision of the realm of ignorance which it will encounter. We shall need science to govern and direct all human relationships, for all human relationships constitute a complex organism, but when we have that science ready to hand we shall pay full tribute to the opportunities which open up before the play of reasoned instinct. It has always been argued that any reform to be of value involves a change in human nature. The new conception of management, like all new conceptions of human relationship, has been met with the same objection. At the base of that objection is the presumption that human nature can never change. The truth would seem to be that we need to know far more of human nature in its organization; it is not that human nature does not change when it is included in a fine organization but that we do not readily understand its changes, nor are we always able to

see the results in respect of the change in human nature which follow from changes in the method of direction.

There is no reason why industrial human organization should be thought to differ in essence from any other human organization. In human nature, after all, there is the basis of emotion or desire, the knowledge of what is achievable and then there is "the ordered purpose" which correlates desire by knowledge. In many ways we are looking at mankind in a different way to-day. No one would speak of the "economic" man as a unit worth the consideration of a philosopher. "Psychology opens up greater possibilities for the conscious control of scientific progress. It has begun to penetrate emotional prejudice, to show why some men are so deeply attached to authority, why philosophers have such unphilosophical likes and dislikes. We ask now of an economist, who his friends are, what his ambitions, his class bias. When one thinker exalts absolute freedom, another violent repression, we have ceased to take such ideas at their face value, and modern psychology, especially the school of Freud, has begun to work out a technique for cutting under the surface of our thoughts." If in the case of men with trained minds, those whom we call "philosophers," there is this danger of prejudice, of mental bias, of class bias, affecting their reasoned thought we can well see how prejudice and bias will affect men whose minds have not passed through the long process of training. To say this does not mean that we shall despise their minds. On the contrary we shall stand in awe of them.

This may seem to be discouraging but in considering suggestions for new methods of management we have to begin by clearing away prejudices from our own mind. It is of no use to substitute the new management for the older merely as a means of strengthening

the old authority. New presbyter can be old priest writ large. In fact it is no use adopting new conceptions of management at all unless those new conceptions include a new spirit. The world has passed away from its old gullibility. It will no more applaud the mere word "freedom" in Europe than it will applaud "square deal" in the United States. We are far from realizing the fluidity of the social structure. "Life is not something given but something to be shaped." The danger of all attempts to make a framework for industry is lest those attempts aim at making a finished structure. The truer aim is to make something "shapeable," to coin a word. If the industrial organization is such that all concerned in it will have some room for the thoughtful application of their ideas of gradual development, it will be a better structure and they will be better co-operators in the building of it than if a heaven-sent genius dropped a perfect framework from the skies into which all had to be fitted. This may be applied to any individual organization. The head of the organization may conceive this or that scheme and determine to apply it. He may never think of the minds or of the mental training of those who will have to carry it out. He may never think of the spiritual organization which already exists in the industry and of which the minds of all concerned in the industry are a part. Then, perhaps, after he has tried his experiment, he will wonder that it is an utter failure. On the other hand, I know many industries, badly organized, with an utter lack of any attempt at clear-cut responsibilities for the different officials, with no attempt at modern methods of direction of staff, which are indisputably successful. There is a spirit of cohesion in these industries—generally old industries—which carries them far on the road to the higher efficiency though they know it not. True these industries are not

usually "shapeable," that is, there is little place for the operation of minds in the direction of improvement, little opportunity for self-criticism. But of the two types of what we might call definite organization, the old type with its autocratic heads at different stages, the new type with its equally hard-crusted functional management set down as a perfect and unchanging theory, the older type of conservatism is the more likely to produce the best results. It is of the essence of functional management that it must be a growing thing or it is a dead thing.

Thus in beginning a system of functional management the first essential is to provide for growth. Each function must begin as an embryo. It is of the nature of organization that it should come from the embryo. Indeed it will be better not to begin with more than one function. The separation of the "Staff" function from the others seems to offer the best initial promise, largely because it is the fact that at the present moment staff problems are the more prominent and the more difficult. A "Staff" Manager can be set apart for such functions, as a beginning, without actual changing the whole organism. Bit by bit, as everyone comes to understand the function in embryo, other aspects of the function can be added. Care must be taken that they are added openly and frankly. There must be no unseen growth. Sincerity to the very point of punctilio is absolutely essential. Nothing should be done cleverly or by trick. The self-criticism to which we have referred as a characteristic of the new service, must be applied to every stage of the functional development. Later on, when "staff" management is clearly understood, there will be little difficulty in bringing in the parallel adaptations. The point is that the minds and conceptions of the staff must develop in parallel. The functional system must never be external to their minds. It is the expression of the

human organization, its outward and its visible symbol. If it is to be a symbol the real organization must be what the functional arrangement represents it to be. It is much the same at the other end of the scale. We begin with embryo in management. We must begin with embryo also in what I may call the mechanical detail. If we are determined—wisely determined—to take the staff fully into confidence as regards the details of production, of purchasing raw material and the like, we should hardly care to begin with the complicated curves and diagrams in use by the Hans Renold Company. That is an ideal to which we might well aspire. The staff can begin with one curve and watch it month by month and learn to apply its lessons. Later on other curves can be added and when the complete total is included and curves of strange shapes and colour seem to be a bewildered mass on the walls, including every aspect of the business, the stocks at each point, the output at each point, even the cost of production at each point, the whole of the staff will have acquired the skill of taking in the complexities at a glance. It should be remembered that in such cases much of the value of the curves depends upon the fact that they can be easily read. Difficulty breeds inertia. The diagrams must be alluring and inviting. If this is achieved there need be little anxiety as to the value of the method.

It may be possible to make some drastic change in the structure of management such as Mr. Cadbury has suggested. It may be that there will be in each unit of administrative control a representation of the State, the workers, the consumers. There is some truth in M. Gide's parallel between the directors of a limited liability company and the oligarchy of the Venetian Republic, and we have yet to seek the clear outlines of a constitutional industrial management. The public is definitely restless as to the lack of

recognition of the rights of the consumer, and Labour is insisting on the Kantian doctrine that we should consider our neighbour as an end and not as a means, though possibly Labour does not clearly recognize that it cuts both ways. We have learned something from the "good patron" of the nineteenth century, but the day has gone by for mere sentiment to be the complete solution. Sooner or later we shall need some organized method of contact which will crystallize the precious sentiment into day-by-day practice. There is always the danger lest we introduce one tyranny to take the place of another, and whatever the new method may be it is essential that it shall include a definitely recognized balance of interests.

There is one more caution. The functional system depends upon highly specialized thought "at the top." The chief manager is released from routine harassings in order that this highly specialized thought may be clear and influential. He might suppose that by introducing either this or some other organized method of management he would then be free, the machine would run itself, and then he could concentrate his thought on the main features of production and sale. The truth is that the functional system will call upon him to think with it. The very law of development on which we have laid stress calls upon him to be the vital centre, so to speak, of that development. We have described his mind as a microcosmos, and the description is especially applicable to this aspect of the development of the whole organism. As it grows his mental process grows. He is not always ahead of it in time. Sometimes he learns from the process. Sometimes new visions come to him which are not in the books and never can be in the books. He is dealing with the actual living organism and it may be that no two industrial organisms are alike. True he may gain some ideas from the books. He may learn of principles

and something of methods. He may decide on this line of thought rather than on that. If the functional system attracts him it will be largely because it lends itself to his own process of thought and because, within the lines of what is a functional system, he can develop according to his own mental characteristics and, what is more important, according to the mental characteristics of the industrial organization with which he is to achieve what is to be given to him to achieve.

We need some correlation of experience, some interchange of thought between those who have struggled through in the way which I have described and have achieved something by way of result. In time to come I hope the universities will provide such correlation. It will not reach the height of dogma. We shall always be ready to learn from new experiences of others especially from the experiences of those in other countries where industrial conditions are different. There is much work and much research to be done, much exploring of difficult mental realms, much investigation into human experiences of work under all sorts of differing conditions. It may be that what seem to be insoluble problems will find their own solution as we proceed. At least the discipline of fashioning a sensitive and responsive social organization will bring us face to face with the problems in a way which cannot be done by the harshness and the suddenness of conflict. We shall not then be taken unawares. We shall learn insight as well as foresight. Maybe, in the learning, we shall see the justice of many claims which to-day only reach us in the form of an insistent demand. Management, worthy the name, will be unsatisfied until it is so sensitive that the hard articulation of the threat of conflict will not be needed. It may not mean universal industrial peace, but it will mean a sober attempt to understand, not merely in the sense

that each side will present a crystallized "case" for an intermediate to judge, but the deeper and fuller understanding which will come from the day-by-day association in an industrial organization alive and quick to hear and to feel each impulse which stirs in every part.

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